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NEWS SUMMARY

GENERAL BUSINESS

Sanctions threat to Rhodesia whites

Unless white Rhodesians agree to surrender their blocking powers, economic sanctions against their country will remain...

Conference halts

Amalgamated Union of Engineering Workers' conference at Eastbourne was abandoned after a successful attempt by right-wing leaders to prevent delegates debating...

Dancers flee

Bolshoi Ballet members flew back from New York to Moscow without husband and wife dancers Leonid and Valentina Kozlov...

Barbarians ban

South Africa's Barbarians rugby team will be refused entry to Ireland because the Olympic principle of non-discrimination could not be satisfactorily observed...

French protest

French Transport Minister Joël Le Theule has protested to Agriculture Minister Peter Walker against fines imposed on Breton shrimpers using fine mesh nets...

£10m drug haul

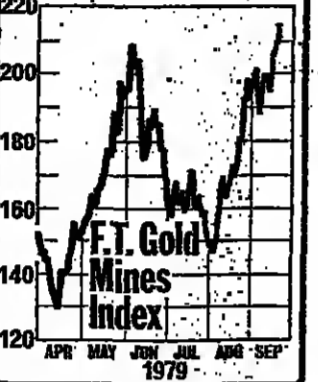
Police said that 44 tons of cannabis was seized during Monday's raids in Cornwall and London and that the biggest drug-smuggling gang ever to operate in Britain may have been smashed...

Ulster talks

Ulster Secretary Humphrey Atkins's bid to find ways of restoring some form of devolved government to the province will also cover security issues and involve closer liaison with the Dublin Government...

Bullion boosts Gold Mines

EQUITIES were firm, helped by bear-covering and renewed, if limited investment interest. South African gold shares rose...



in response to the price of bullion, and the Gold Mines index rose to 214.8. The FT ordinary index closed 2.7 up at 468.7.

STERLING rose 25 points to \$2.1540 and its trade-weighted index rose to 63.7 (63.4). The dollar showed little change in London and its index remained at \$5.0. But in New York it lost ground in early trading...

GILT improved with the Government Securities Index 0.22 up at 72.16.

WALL STREET was 5.20 down at 376.11 just before 7 o'clock.

KEC foreign ministers have agreed in principle to limit state aid by member governments to their steel industries, after Britain had dropped its objections to the proposals.

BRITISH housebuyers face more frequent changes in mortgage rates than in any other European country, survey by the Building Societies Association has shown.

UK PHARMACEUTICAL exports during the first half of this year dropped by 5.3 per cent to \$208.3m, while imports for the same period rose by 14 per cent to £168m.

ICI is to raise the contract price of methanol used chiefly in production of glue and solvents by £24.60 a tonne a rise of 28.9 per cent.

FIDELITY INVESTMENT of Boston, the largest manager of mutual funds in the U.S., is to enter the UK unit trust business.

SIR JOHN METHVEN, director general of the CBI, has criticised management for not consulting its employees sufficiently.

BL WORKERS are being urged by all their unions to reject the plant closures and redundancies proposed by their chairman, Sir Michael Edwards.

SOME PENSION fund investors in Dalgety have expressed reservations about its proposed £70m share offer for Spillers, pointing out that the success of the bid would be detrimental to the long-term prospects of Dalgety.

BANK OF SCOTLAND pre-tax profits for the six months to August 31 rose by 9 per cent to £17.96m (£16.39m).

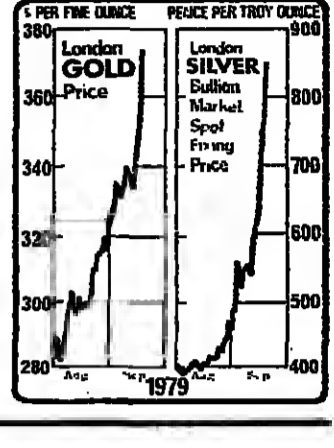
ROLLS-ROYCE Motors Holdings pre-tax profits for the 24 weeks to June 16 fell from £5.41m to £4.58m, reflecting a downturn in the diesel engine business.

Biggest single daily rises for gold and silver

BY JOHN EDWARDS, COMMODITIES EDITOR

GOLD AND silver prices shot up again yesterday, recording the biggest ever single daily rises. Gold reached a high of \$380 an ounce before closing at \$374, over \$20 up on the previous day's close of \$353. Silver had an even more spectacular rise. At the morning "fixing" the London bullion spot quotation was raised by an unprecedented £21.85p to \$85.50p an ounce before falling back to close at 72.2p.

The market was stunned by the London bullion fixing at the end of the morning which came in at a very much higher level because, according to brokers, a heavy volume of buying and an absence of sellers. The fixing at \$85.50p was over 100p higher than the Metal Exchange price at the time, but rapidly came back into line in later trading. Bullion brokers, however, said there had been substantial activity in very nervous conditions. The massive rise in silver is believed to have been started in New York with purchasers from several big buyers creating a squeeze on supplies available to the market.



Talks on engineering dispute break down

BY NICK GARNETT, LABOUR STAFF

NEGOTIATIONS ON the national engineering dispute collapsed yesterday with employers warning that the gap between the two sides could not be bridged. Union officials and the management board of the Engineering Employers' Federation met to hold meetings today to assess the stalemate which will lead to further highly damaging industrial action.

Further talks were planned and the whole outcome was "very disappointing and sad." Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said the unions were "amazed" at the attitude of the employers. Concessions indicated yesterday by employers on the issue of working hours, the principal obstacle to a settlement appeared to be very small in terms of what the unions said they might be prepared to accept.

Trade figures deteriorate

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DEFICIT on the current account of the UK balance of payments narrowed over the last few months following a recovery in exports. But the overall position this year is still worse than officially expected and represents a very high deterioration compared with last year. In August, the UK had a current account deficit of £100m after it had been in balance the previous month.

Table showing BALANCE OF PAYMENTS (£m, seasonally adjusted) for 1979, with columns for Trade and Invisibles, and Current trade and Invisibles account.

Siemens signs \$1.8bn Egypt deal

BY ROGER MATTHEWS IN CAIRO

A EUROPEAN consortium headed by Siemens of West Germany has won a contract to modernise and enlarge Egypt's telecommunications network at a possible cost of more than £5bn by the end of this century. The consortium comprises Siemens itself, Siemens Austria and Thomson-CSF of France. The initial contract signed last night by Mr. Mustapha Khalil, Egyptian Prime Minister, and the consortium, is worth \$1.8bn (£837m).

Until about three months ago the U.S. consortium Ameritech (Western Electric GTE and Continental) had appeared likely to win the battle for the contract. The U.S. Agency for International Development spent \$5.3m on a feasibility study. Faced also with stern competition from Gactel (a consortium of five Japanese companies), Ericsson of Sweden, and CIT/Alcatel of France, Siemens decided to join forces with Thomson-CSF.

CHIEF PRICE CHANGES YESTERDAY

Table listing price changes for various commodities such as Wheat, Sugar, Coffee, etc.

For sale—TV time in China

BY MAURICE SAMUELSON

A BRITISH advertising company has secured exclusive rights in Britain and the Continent to sell commercial advertising time on two television networks in China. AMS Advertising and Marketing, whose direct clients in the UK include the Debenhams store group, Pan Books and Ladbrooke, will try to persuade Western consumer and industrial concerns to buy time on television in the provinces of Canton and Sichuan.

Several brands of cigarettes, drinks, watches and cameras, made in Hong Kong or Japan. Many of the goods are not generally available in China and advertising rates are therefore minute compared with those in the West. There are also commercials for simpler goods made in China. At a press conference yesterday attended by a representative of the Chinese embassy in London, Mr. Martin Lester, a director of AMS Advertising and Marketing, said that Citizen Watches, of Hong Kong, had already spent £100,000 on advertising a product for which there was still no marketing network in China.

CONTENTS table listing various sections like British industry, Lombard, Management, Gardens today, etc.

Advertisement for Hyster forklifts, titled 'Who else has...'. It includes text about 50 years' materials handling experience, 14 customer service centres in Britain, and 3 manufacturing plants in Europe. It also features an image of a Hyster forklift and a 'Check for yourself' slogan.

EUROPEAN NEWS

GAS SALES AND TAX RISES WILL HELP FUND HIGHER PUBLIC SPENDING

Dutch plan record £3.8bn budget deficit in 1980

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government will continue to run a substantial budget deficit next year in the hope that its spending will bring about a fundamental improvement in the economy. Rather than cut expenditure in 1980 it yesterday announced as part of its budget a F1 2bn (£470m) programme to boost employment, strengthen industry and save energy.

Taxes will be raised to achieve a small net increase in revenue but the income of lower paid workers, earning up to about F1 30,000 (£7,000) will not be adversely affected. To head off attempts by workers and the unions to compensate for higher taxes by wage claims, the increases are mainly on non-essentials such as tobacco, alcohol, and expensive cars. In addition the tax on petrol is being raised with the effect that the price of petrol will increase by nearly 5 per cent.

The Government has for the past few years recognised that public spending is too high for a country which faces a sharp decline in natural gas revenue. Attempts to cut public spending have met strong resistance however, while traditionally moderate union leaders appear to be losing their grip on their more radical members.

An important innovation in the 1980 budget is the allowance made for the fact that spending rarely reaches the limits budgeted for. Another step is the decision to drop a comprehensive plan for inflation accounting in favour of a number of selective measures.

The Netherlands is budgeting next year for a deficit on central and local government spending of F1 16.5bn (£3.8bn), a record in absolute terms but little changed as a share of national income—5.5 per cent

Another F1 515m will be found by cutting back funds set aside to subsidise industrial investment.

Tax revenues will rise a net F1 390m. This will be achieved by increases in taxes and duties on cigarettes and tobacco, alcohol, cars and petrol. The Government will also only adjust tax bands by 80 per cent for inflation. It normally takes full account of inflation in re-setting tax rates. These increases will more than compensate for cuts in taxes on lower incomes made to maintain the purchasing power of the less well off.

In common with many other countries, including the UK and West Germany, the Netherlands has for the first time decided to budget for the fact that spending rarely reaches targeted levels. It has lopped F1 1bn off estimated spending to allow for this.

Not unexpectedly the Government has dropped plans to introduce a comprehensive scheme of inflation accounting. The difficulty of constructing an equitable system which would apply to both company profits and private income, a decline in inflation which makes such a scheme less necessary and the practical problems of applying it have forced the Government to scrap the ambitious proposals.



Queen Juliana reads the Speech from the Throne at the opening of the Dutch Parliament.

made in the 350-page Hofstra report presented last year.

In its place it has opted for selective measures aimed at removing the inflation element in the valuation of company stocks and granting individuals F1 700 of tax free income on savings. It will also limit tax rebates on interest payments, except for those in mortgages on a first home. The Government feared that any reduction in mortgage relief would damage the housing market affecting jobs in the construction industry.

Economic forecasts for 1980 presented alongside the budget show a mixed picture. While inflation is expected to rise the growth of the economy will slow. The balance of payments current account, helped by higher gas revenues, will return to surplus next year however. It is projected to be in balance this year.

DUTCH OFFICIAL ECONOMIC FORECASTS

| | 1979 | 1980 |
|-------------------------------------|---------|---------|
| GNP | +2.5% | +2.5% |
| Cost of living | +4.5% | +5.5% |
| Wage costs per worker | +6.5% | +7.5% |
| Exports by volume | +9% | +4% |
| Imports by volume | +5% | +2.5% |
| Unemployment | 210,000 | 210,000 |
| Balance of payments current account | 0 | +F1 1bn |

* All above figures are percentages.

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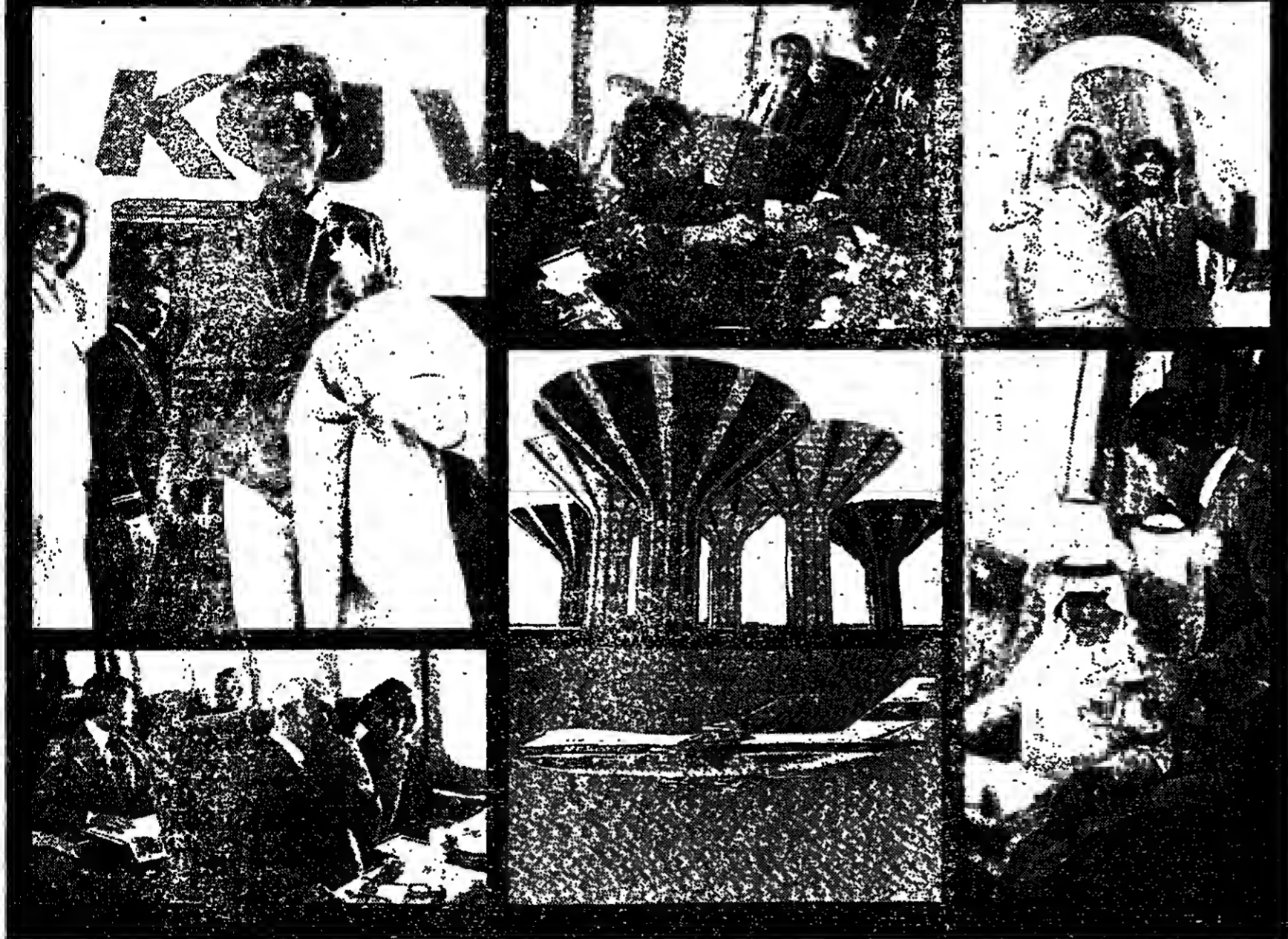
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|------------|------------|----------------|---------------|-------------|---------------|--------------|------------|
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| Ayr | Heathrow | Azores | Egypt | Iran | Malta | Rhodesia | Turkey |
| Belfast | Inverness | Bahamas | Finland | Ireland | Martinique | Senegal | Yugoslavia |
| Birmingham | Jersey | Belgium | France | Israel | Morocco | Seychelles | |
| Bristol | Liverpool | Benin | French Guiana | Italy | New Caledonia | South Africa | |
| Darlington | London | Cameroon | Gabon | Ivory Coast | Nigeria | Spain | |
| Edinburgh | Manchester | Canary Islands | Germany | Kenya | Norway | Sri Lanka | |
| Gatwick | Newcastle | Cyprus | Greece | Kuwait | Poland | Sweden | |
| Glasgow | Norwich | Czechoslovakia | Guadeloupe | Lebanon | Portugal | Switzerland | |
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هكزانت الادل

Bonn, U.S. near deal on coal liquefaction project

BY ROGER BOYES IN BONN

WEST GERMANY and the U.S. are close to an agreement on German participation in an important coal liquefaction project, according to Dr. Volkmar Hauff, the Research and Technology Minister.

Dr. Hauff, speaking at the opening of a pilot coal gasification project in the Ruhr, said he hoped an agreement with the U.S. would be signed next month. An understanding had been reached.

The proposed deal provides for 25 per cent West German participation on a complex cost-sharing, profit-sharing basis in the construction and development of the plant. A total of DM 800m (£197m) is to be invested in the project with 50 per cent of the costs being carried by the U.S. and a further 25

per cent by the Japanese. The project involves the so-called Solvent Refined Coal process and will be based in Morgantown, West Virginia. West Germany's participation is particularly welcome to the U.S. because of its long experience of coal-to-gas and liquefaction technologies. Two companies — Lurgi-Gesellschaften and Krupp-Roppers — have had considerable commercial success with their processes.

The agreement reflects Bonn's eagerness to speed up the development of large-scale coal liquefaction and gasification plants in order that the country's coal reserves may be fully exploited. Dr. Hauff said yesterday that he believed coal gasification, especially on a lignite base, could become economical by 1985.

Many economic analysts believe this to be an excessively optimistic assessment. Oil prices, they claim, will have to climb to well over \$25 a barrel before synthetically produced oil can become a commercially acceptable alternative.

The fact remains, however, that West Germany is allocating substantial funds to the coal industry in the hope of evolving more rapidly sophisticated coal conversion techniques. Last week Herr Hans Matthofer, the Finance Minister, announced that DM 650m (£160m) would be allocated for coal gasification and liquefaction research.

Including the (admittedly small) plant opened yesterday, there are now three gasification plants in operation in West Germany and a further five under construction.

Big poll gains for Norway Right

BY FAY GJESTER IN OSLO

THE NORWEGIAN political right scored sensational gains in local government elections throughout the country on Monday in line with trends in Sweden and elsewhere.

The ruling Labour Party and its parliamentary ally, the Socialist Left Party sustained heavy losses. Together, the socialist parties' share of the poll fell to just over 40 per cent—the lowest level since the 1930s.

In contrast to Sweden, voter turnout was poor—the lowest since 1945, at 68 per cent. The apathy is seen here partly as a protest against the prominence given to national issues, in a local election, and partly as a sign of general discontent over increasing crime, social problems and the threat of unemployment in a period of world recession.

While the low turnout undoubtedly hurt Labour, the

Party's weak performance is chiefly attributed to inadequate leadership and a defensive vacillating election campaign in which the Opposition always held the initiative.

The result is expected to lead to some heart-searching within the Party. Possibly ending with a Cabinet reshuffle.

This could give Norway its first woman Prime Minister. Forty-year-old Mrs. Gro Harlem Brundtland, now Environment Minister, is widely tipped for the job. Her commitment to environmental issues makes her popular with younger voters, a group the Party needs to cultivate.

In addition, she has a clear, decisive style of debate which contrasts sharply with the bumbling folksiness of Mr. Odvar Nordli, the present Prime Minister.

Pre-election opinion surveys, and the Swedish election results,

had made Norwegian Conservatives optimistic about their chances. Their optimism was fully justified. The Conservative Party alone won 29.2 per cent of the vote—7.1 per cent more than in the last local elections in 1975, and 4.5 per cent better than in the last parliamentary elections, in 1977.

An unexpectedly large number of votes went even further to the right, to the small anti-tax Progress Party. Over the country as a whole, this party increased its share of the vote by nearly 1 per cent to 2.5 per cent.

Apart from Labour and the Socialist Left Party, the losers in Monday's election were the Christian Democrats and the Centre (Farmers) Party. Both are more or less committed to form a coalition with the Conservatives, if non-Socialist groups win a majority in the 1981 parliamentary election.

Lisbon delays accord with IMF

BY OUR LISBON CORRESPONDENT

BUOYED BY what it regards as promising domestic monetary trends, Portugal's caretaker government is in no hurry to conclude negotiations with the International Monetary Fund for a third \$50m stand-by loan.

According to Sr. Antonio Sousa Franco, the Finance Minister, the Cabinet is unlikely to sign an IMF agreement this year. The fund's three-man team has been in Lisbon since September 10 for renewed talks on the subject and there have been reports that an agreement would be finalised before the end of the month.

Sr. Franco said the Government was not pressing for an accord now for fear of tying the administration which will take over after December's general election to a deal with which it might not agree.

The Finance Minister, and one-time Social Democrat

leader, said in a newspaper interview that Portugal's present loan contracts would see the country through until the end of the year and there was no need to sell any gold reserves. He added that the improved situation had enabled the central bank to redeem recently some of the gold pledged as collateral, but he did not specify how much.

Sr. Franco warned, however, that failure to negotiate an IMF accord in the new year would seriously affect medium-term economic planning and cut off the flow of foreign loans to Portugal. He revealed that very large percentage rises in emigrants' remittances and tourist earnings in the first month of this year had given the balance on the current account an "exceptionally positive" appearance.

The dollar value of imports between January and May

this year had risen by 14 per cent compared to the same period last year, while a textiles-led export boom had expanded the dollar value of exports over the same month by 39.7 per cent compared with January-May, 1978, he said.

The minister also announced the appointment of a commission to revise Portugal's tax system. He described the present collection of revenues as "excessive and untenable for the taxpayer, and inefficient and costly for the state."

The commission will study ways to streamline it to reduce the high rate of tax evasion, and will plan the introduction of value added taxes.

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EUROPEAN NEWS

Spanish EEC entry talks begin in earnest

BY ROBERT GRAHAM IN MADRID

THE FULL negotiating process for Spanish entry to the European Community began in Brussels yesterday, two years after Spain lodged its application to join. The negotiations were opened by Sr. Leopoldo Calvo Sotelo, Spanish Minister for European Affairs, and Mr. Michael O'Kennedy, the Irish Foreign Minister, on behalf of the Nine.

The talks are expected to take at least two years and are the most complex task to face the Community since British entry. The Spanish Government would like to complete negotiations in time for the treaty of accession to be ratified by early 1983 at the latest. New elections would then be due in Spain if the present Parliament runs its full course.

The first formal negotiations began in February but were mainly a political gesture to satisfy the Spanish Government, which was anxious to provide the public with some evidence of progress on the EEC issue. Madrid's application was made in July 1977, six weeks after Spain's first democratic elections in 40 years.

Despite official Spanish optimism, there are hints of concern at an obstructive or delaying attitude on the part of the Nine. An editorial in yesterday's leading Spanish daily newspaper, *El Pais*, described the "European Commission's working paper on Spanish entry as a 'slap in the face'."

The article reflected a view which is gaining currency here—that the EEC is showing insufficient understanding of the problems facing Spain as it emerges from the Franco era and grapples with the task of dismantling a rigid, protective economic structure.

The principal worry in Madrid is that insufficient progress will be made before the end of 1980. The negotiations will then risk being caught up and stalled by the French presidential elections in March 1981.

Accommodating Spanish agriculture, especially with the needs of southern French farmers, is the most emotive issue and is expected to be exploited politically. That is why the Spanish side is pressing for speed.

The Community is said to feel

that the Spanish are in too much of a hurry and unaware of the obstacles ahead.

Guy de Jonquieres adds from Brussels: Spain yesterday asked the EEC to grant all its major economic sectors the same transition period—lasting more than five but less than 10 years—in order to adjust after its entry into the Community.

Sr. Sotelo told EEC Foreign Ministers that any exceptions must be minor.

The South African Government demands are in strict contrast to the approach favoured by the Community. It wants Spain to dismantle its trade barriers to industrial exports from the EEC almost immediately after entry, and to gain full access to the Common Agricultural Policy (CAP) and the Community's labour market over a much longer period.

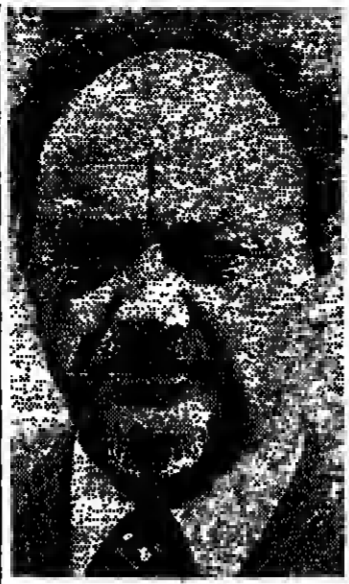
Spain is running a surplus on its industrial trade with the EEC, which argues that it can afford to eliminate most of its extensive protective arrangements.

In particular, the EEC wants Spain to start removing before entry its quantitative restrictions on industrial imports. The Spanish Government indicated yesterday that it was prepared to dismantle industrial quotas, but only after accession. It wanted special treatment in this respect for its growing automotive sector.

On the other hand, a number of governments have strong reservations about granting Spain repaid access to the EEC's agricultural markets.

Both France and Italy fear that their producers of wine, fruit and other Mediterranean products will be undercut by Spanish farmers hearing lower overheads. They are also afraid that the cost of financing Spanish surplus production will add further to the burdens on the CAP.

West Germany, for its part, insists that Spanish workers should not be allowed to move freely around the EEC labour market until some years after entry. It is concerned that, as the EEC's biggest and wealthiest economy, it will attract large numbers of Spanish workers looking for jobs who will add to its national unemployment problem.



Mr. Anker Joergensen looking for incomes policy support.

Danish plan to institute 'economic democracy'

By Hilary Barnes in Copenhagen.

COMPULSORY profit-sharing has been proposed by the Danish Social Democratic Party and the Trades Union Congress Executive as a condition to agreeing to a tougher incomes policy this autumn.

The proposal envisages transferring 10 per cent of corporate post-tax profits to a union-controlled investment fund. The fact that the Social Democrats, who form a coalition Government with the Liberal Party, have again made their proposals for "economic democracy" is regarded here as a sign that the Social Democrats may be preparing for a showdown with the Liberals this autumn, even if it leads to an election.

The coalition is confronted with an acute balance of payments problem, which calls for decisions on incomes policy and public spending, but for the Liberals, "economic democracy" is not an acceptable bargaining counter.

"We made it clear to the Social Democrats before the Government was formed last year that this proposal could not be part of the Government's economic policy," said Mr. Henning Christoffersen, the Liberal leader and Foreign Minister.

Mr. Anker Joergensen, the Prime Minister, and Mr. Thomas Nielsen, the Congress chairman, said they did not want an election.

However, Mr. Joergensen has also said that the compulsory profit-sharing scheme is not an ultimate demand in the negotiations with the Liberals over the next two weeks.

The profit-sharing scheme is a revised version of a 1972 scheme. Ten per cent of a company's net profits would go to a central fund, controlled by "wage earners' representatives," and invested.

Half the dividends received would be paid to the central fund, and half used for collective welfare benefits for the employees. No dividends would be paid to individual wage earners.

Mr. Jens Thorsen, chairman of the Employers' Federation, said that the scheme would lead in the long term to a transformation of the economy in a way for which there was no public support. The Federation is not prepared to discuss the system, which would forcibly transfer the Federation's members' rights of ownership, he said.

Patronat says businessmen more optimistic

PARIS — French businessmen are more optimistic about demand than they have been for several months, according to Patronat, the employers' federation. Businessmen are more optimistic about growing orders, while stocks are at their lowest level since 1976, the latest Patronat survey says.

But despite this improved climate, the outlook appears less favourable than earlier this year, it says.

COMMUNISTS TOE THE MODERATE LINE

French unions agree on joint action

BY TERRY DODSWORTH IN PARIS

FRANCE's two leading trade unions, the CGT and the CFDT, have patched together an agreement for combined opposition to aspects of Government policy. Their joint action may include limited strikes in the next few weeks.

The deal was reached after lengthy argument between the Communist CGT, which wanted an all-out assault on Government policies, and the left-wing CFDT, which favours concentrating on specific objectives.

The CFDT seems to have had the best of the contest. The joint programme includes two of its main aims—increasing the basic wage by about 25 per cent to FF 2,700 (£297) a month and movement towards a 35-hour working-week.

It excludes the all-out stoppages advocated by the CGT, unless there are obvious signs of an upswell of social unrest by the autumn. The two sides have agreed to meet again at the end of October.

The possibility of an agreement was in the balance until the last moment, partly because of mutual suspicion between the two unions and partly because the Government has tried to draw the string of labour unrest by offering talks to the union movement in general.

All the significant unions have now accepted this offer, conveyed in a letter from M. Raymond Barre, the Prime Minister, although the CGT has rejected Government talk of a

"national consensus," saying this would neutralise the labour movement.

The CGT, however, under the leadership of M. Georges Seguy, has been pushed towards a more moderate line, following a half-hearted response to its call for a week of protests earlier this month.

Despite public dissatisfaction with recent price rises, which is beginning to be reflected in poor opinion-poll ratings for both M. Barre and President Giscard d'Estaing, there are few signs as yet of widespread support for unbridled strike action.

Thus, the policy line proposed by M. Edmond Maire, head of the CFDT, will be followed in the coming weeks. It is based on ensuring that there is

Honeywell Bull unveils new computers

By Our Paris Staff

THE FRENCH computer company, CII Honeywell Bull, yesterday unveiled a new range of large-scale computers developed over the past four years at a cost of more than FF 1.2bn (£169.82m).

The new models, to be called the DPS 7/80 and DPS 7/32, have been designed and developed solely by CII Honeywell Bull, in which the U.S.-based Honeywell, the information systems concern, has a 47 per cent stake. They will be manufactured at its plant at Amers and first deliveries are planned late next year.

Introducing the computers on the eve of the SICOB computer and information systems trade show in Paris, M. Jean-Pierre Brule, chairman and managing director, said that the design fell within the programme designed to bring together the different model lines of the two companies, which merged to form CII Honeywell Bull.

He said that orders were up by 36 per cent this year and turnover by a little more than 20 per cent in the first six months. The company will be taking on about 800 more employees over the full 12 months.

An order for a Barringtons B 6800 large-scale computer system, to be used in China, has been signed by the UN Development Programme, the organisation which is assisting China to establish an information processing and training centre for international economic co-operation.

Located in Peking, the centre will provide computing services for several government ministries and state and municipal bureaux.



Chancellor Helmut Schmidt

Schmidt tries to head off wage problems

BY ROGER BOYES IN BONN

THE West German Chancellor, Herr Helmut Schmidt, met senior unionists and employers yesterday in a move partially aimed at defusing industrial conflict this winter.

The winter's wage round is the last before the 1980 general election and the negotiations are clearly going to be tough. Herr Schmidt is understood to have outlined some of the problems which could face the economy next year and to have explained the dangers of the unions demanding an oil price supplement as part of their wage agreement.

The matter is an extremely delicate one for the Chancellor who does not want to antagonise the unions—some 58 per cent of the union movement voted for his Social Democratic party in 1976. Nevertheless, he fears that excessive wage demands could push inflation beyond the 5 per cent mark.

IG Metall, the metal-workers' union, has already indicated that it will put forward a 9 per cent claim including a 4 per cent productivity component, a 4.5 per cent inflation allowance and an additional oil price supplement. The employers made clear yesterday, however, that there would be no question of a beating oil supplement even for lower paid workers. They said it was the task of the state to provide hardship allowances.

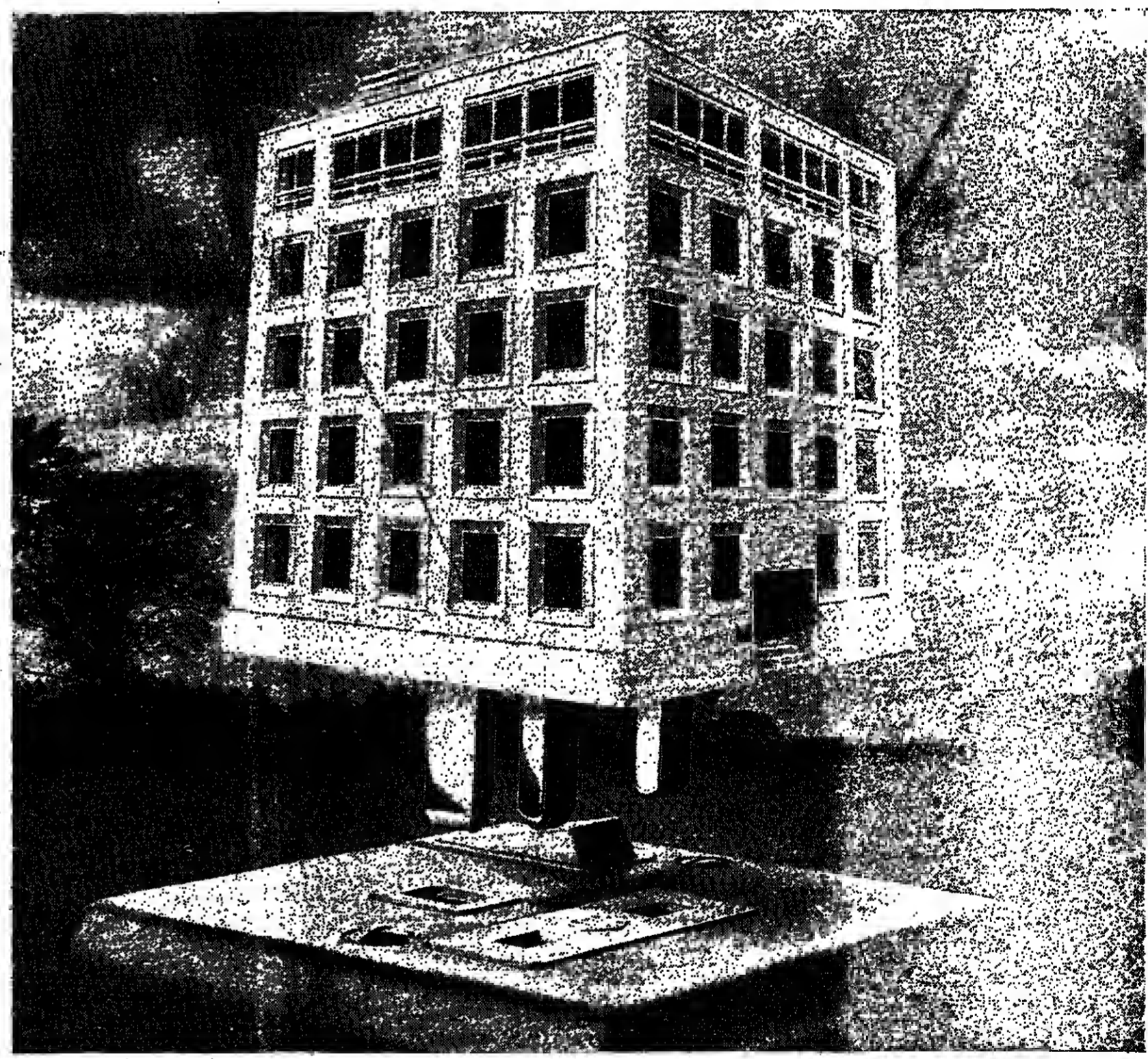
Herr Schmidt also invited representatives of the oil companies to the talks yesterday. The companies have been trying to reassure union leaders and the public in general that they were not making undue profits at consumers' expense.

The meeting yesterday bore some of the hallmarks of the ill-fated "concerted action" programme which, before breaking down in 1976, provided for a series of meetings between employers, unions and Government to hammer out economic issues.

This is perhaps a sign that, despite the prospect of hard clashes on the labour front this winter, the actual framework of industrial relations has improved over the last six months.

Disagreement about the 1976 *Mitbestimmung* law—extending workers participation on supervisory boards—led to the integration of the concerted action programme. But this summer for the first time in three years, the leaders of the association of German employers and the trade union federation held talks together.

One of the principal problems this winter will be that of reconciling the central leadership of the unions, especially that of IG Metall, with the grassroots membership.



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Hambros theory in Reksten case

BY FAY GJESTER IN OSLO

HAMBROS BANK, acting on behalf of itself or unidentified customers, may have been mainly responsible for setting up the network of tax haven companies to which Mr. Erling Reksten, the Norwegian ship owner, alleged to have transferred funds.

This theory was put forward by a key witness on Monday during Mr. Reksten's continuing trial in Bergen, now in its fifth week.

The ship owner is charged with violating tax and currency laws.

Mr. Haakon Nygaard, manager of the State-backed Norwegian Maritime Institute for Ships and Drilling Rigs, said that Mr. Reksten might well be telling the truth when he claimed he did not know who owned Cornwall and Intercontinental—two of the foreign-

based companies to which he is alleged to have channelled profits from his Norwegian shipping firm and that the companies might have been set up by Hambros to provide Mr. Reksten with working capital, in return for a share of his future profits.

The money could even have come from multi-national oil companies, which might have invested in the tax haven firm as a hedge against the high freight rates they would have to pay in the event of a future tonnage scarcity.

"If Mr. Reksten knows who they (the backers) are, it could be because Hambros has been indiscreet and told him," said Mr. Nygaard.

In this case, he pointed out, it would be most unwise for Mr. Reksten to repeat what he

knew. He told the court that the UK merchant banks worked under quite different and far less restrictive rules than their counterparts in Norway.

As manager of two Norwegian ship finance institutes, created long before the Guarantee Institute was established, Mr. Nygaard represented a number of Mr. Reksten's largest creditors.

In this capacity, with the aid of the UK accounting firm Cooper and Lybrand, he has conducted his own search for the ship owner's reputed asset abroad. "I have been hunting for more than five years, but I have found nothing," he declared.

Mr. Nygaard admitted that he could not prove his theory about the likely ownership of Cornwall and Intercontinental.

S. Africa planning R300m infusion to boost economy

BY QUENTIN PEEL IN JOHANNESBURG

SENATOR OWEN HORWOOD, South Africa's Minister of Finance, yesterday announced measures to spend some of South Africa's soaring gold earnings to accelerate the country's sluggish economic performance.

The package will pump more than R300m (£170m) back into the economy, equaling the amount of additional mining tax revenues the Government expects to earn from the gold mines. Another R200m in extra spending had already been approved since the budget last March, Senator Horwood said.

The biggest element in the new deal is the repayment of R160m in personal loan levies which will be paid out during November, in time for Christmas shopping. Pensioners will also get a once-and-for-all bonus costing some R24.5m and R55m will be spent on food subsidies, mainly to keep down the price of bread.

Senator Horwood insisted that he was keeping state spending under strict control, in the hope that stimulation will come from the private sector and private consumer spending.

The package is intended to raise growth from a sluggish 3 per cent where it has been held by the energy crisis and big fuel price rise, in spite of a massive and growing current account surplus largely due to



Glyn Gwin
Senator Owen Horwood

the gold price. There are already signs of a gathering economic revival, and industry here is generally confident that Senator Horwood's package will help growth towards a possible 5 per cent next year.

Senator Horwood announced his package at the regional congress of the National Party in the Transvaal, where the Government's policies have been under attack. His announcement was enthusiastically received and may help to ease the pressure on Mr. P. W. Botha, the Prime Minister.

African oil embargo threat

BY RAY DAFTER, ENERGY CORRESPONDENT

A LEADING Arab oil executive warned that the West is almost certain to be hit by recurring energy crises and, possibly by oil embargoes from African producers.

"If 1973 is known to us as the year of the Arab oil embargo, the 80s might well turn out to be the years of African oil embargoes and sanctions," said Mr. Ali Jaidah, former secretary-general of the Organisation of the Petroleum Exporting Countries (OPEC) and now managing director of Qatar Petroleum Corporation.

Disrupted oil supplies could well occur "if Western governments and major companies continue with their present

thinly disguised policy of supporting certain southern African regimes," he said.

Mr. Jaidah was speaking at a recent session of the Oxford Energy Seminar. His lecture has just been published. He said the most important new influence on world oil supplies was the recent loss of production flexibility. It was a problem which would last throughout the 1980s and 1990s. As a result of this and other pressures, short-term supply crises were "almost unavoidable."

The real question in the short and medium-term is not how to avoid a crisis, but how to manage it when it occurs

in order to avoid the development of a major disturbance. A renewed supply squeeze would find the world in a worse predicament than before, because excess capacity previously available for emergencies had been reduced. OPEC producers were no longer able to act as a buffer, owing to technical, economic and political inhibitions.

However, Mr. Jaidah was doubtful about whether an institutional framework, including producers and consumers, could be successfully established in the immediate future. He added, though, that he was sceptical only about premature efforts to establish it.

NZ union calls general strike

BY KEITH OVENDEN IN CHRISTCHURCH

THE NEW ZEALAND Federation of Labour, has called its affiliated members out on a 24-hour general strike from midnight tonight, in response to the Government's decision to reduce wages award for lorry drivers.

The award was for 11 per cent increases in basic pay, plus allowances. The Government has reduced this to 9 1/2 per cent. The original award was made under conciliation arrangements which the Government's action has now called into question, the Federation says.

How extensive the stoppage will be is not clear. The combined State Services Unions

which represent about 30 per cent of the 1.2m workforce, including workers in health and education, state forestry, electricity and transport industries, and central and local government—have expressed support for the Federation decision, but have left the choice of strike action to each constituent union.

By last night, primary and secondary school teachers had announced that they would not strike. Action by public-sector employees unions seems certain to be patchy.

In the private sector, bank employees have already announced they will not strike,

and some other unions, notably shop workers and clerical workers, are believed unlikely to gain full support from their members.

Employers say normal work will be available during the stoppage. The strike is a clear sign of resistance, from a conservative union movement, to the wage-fixing intervention of Mr. Robert Muldoon, the Prime Minister.

The Government's popularity, widely believed to have fallen throughout the year, will be further tested by assessments of how complete the strike is.

India poll set for December

India's national elections will be held in December or early January, Mr. Charan Singh, the Prime Minister, indicated yesterday. Renter reports from New Delhi. Dates for the elections, expected to stretch over two or three days, will be announced next month.

Oman 'to join OPEC'

Oman is likely to join the 12-nation Organisation of the Petroleum Exporting Countries (OPEC), the official United Arab Emirates news agency WAM said yesterday. Renter reports from Bahrain. Oman's current daily crude output averages 300,000 barrels.

Phantoms for Egypt

Egypt has taken delivery of 20 U.S. F-4E Phantom fighter-bombers, the Egyptian Defence Ministry said yesterday. Renter reports from Cairo. The Phantoms, are part of a consignment of 35 promised to President Anwar Sadat after the peace treaty was signed with Israel.

Soviet ships rebuff

A request by the Soviet Union to the Association of South-East Asian nations (ASEAN) to accept port calls by Soviet warships has been rejected, Renter reports from Tokyo. Russia is believed to have wanted to send four warships to the ASEAN area next month.

Australia Opposition shocked by defeat in state poll

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Labor Party is reeling from the shock defeat of the South Australian state Labor Government in elections at the weekend.

The result indicates that state issues dominated the election, although the state Labor Government had campaigned largely on the Federal Government's poor economic performance and its effects on the state.

The election was called after widespread adverse reaction to last month's Federal budget. Subsequent evaluation of the budget has been more favourable and it appears that the South Australian Government's reading of the situation was astray.

There was a massive 10 per cent swing against the Government—much bigger than suggested by the opinion polls, which indicated that it would scrape back.

The Liberals have 23 seats in the new state Parliament, Labor 19, and one seat each has been taken by the Australian Democrats, the National Country Party and an Independent. Two seats remain in doubt. Labor formerly held a majority of seven.

The election result appears to have significance for the

Australian Labor Party and the trade union movement in public attitudes to the development of Australia's large uranium resources.

South Australia has potentially the largest uranium deposit in Australia at Roxby Downs, but the State Government had placed a ban on development in conformity with the Federal Labor Party's policy of a moratorium on mining and export of uranium until satisfactory safeguards are met.

The result was a boost for the Federal Liberal-National Country Party coalition following recent by-election and state elections in Victoria and Queensland which showed a drop in state support.

The South Australian election came less than 24 hours after the biennial congress of the Australian Council of Trade Unions (ACTU) had rejected a recommendation that the ACTU recognise the "reality" of uranium mining at the Ranger and Nabarlek deposits in the Northern Territory. The congress voted decisively to adhere to the Federal Labor Party's present stance. The South Australian result indicates that the union stance has little popular appeal.

Oil prices hit Japan balance of trade

BY RICHARD C. HANSON IN TOKYO

JAPANESE EXPORTS increased in volume in August, for the first time in several months but higher oil prices pushed the import bill above export receipts for the first time since January, the Finance Ministry said yesterday in a preliminary report.

As a result, the current account, before seasonal adjustment, recorded Japan's largest ever deficit for a single month—\$1.53bn, nearly twice July's deficit.

After seasonal adjustment, the current account deficit narrowed to \$1.071bn, compared with the record deficit in July of \$1.279bn. The adjusted August deficit, the third highest on the books, brings the current account deficit since April, the start of the 1979 fiscal year, to an adjusted \$3.079bn.

Government analysts expect exports to start recovering in the coming months, but the increase will be limited by recessionary conditions in the U.S. Strong demand in the domestic market is also evidently diluting the need for industry to launch strong export campaigns. Industrial production has been rising steadily since last spring.

Higher commodity and oil prices left an August trade deficit, with exports and imports, calculated on a free-on-board basis, of \$670m, compared with a \$197m surplus in July. (Seasonally adjusted, the trade

deficit was nearly unchanged from July at \$211m.)

Exports were up by only 2 per cent from the corresponding month last year, to \$3.1bn, and down from \$3.7bn in July. Export volume was up by 1.8 per cent. Imports continued to show sharp increases, led by oil.

Oil imports cost 91 per cent more than last year, while the import volume gained only 11 per cent, and accounted for 30 per cent of the total import bill. Overall imports were up by 47 per cent to \$3.77bn.

Judging from an earlier report on licensed imports, which reflects trends over the next two months, imports will continue at the present high level.

The over-all balance of payments in August was also in deficit, by \$370m, but this was much less than the \$1,022bn deficit recorded in July because of a drop in long-term capital outflows from Japan and steady investment inflows. After seasonal adjustment, the payments account showed a small surplus of \$38m.

The long-term capital account was in the black last month for the first time since March, 1978. The \$350m inflow of capital reflected net foreign purchases of securities in Japan of \$1,050bn, up from \$950m in July.

Riyadh hails 'notable' decline in inflation

BY JAMES SUCHAN IN JEDDAH

FOR THE FIRST TIME in its history Saudi Arabia last year ran a small deficit on its balance of payments current account, according to the Saudi Arabian Monetary Agency, the central bank. As a result of sluggish demand for oil in the first eight months of the year and high levels of government spending, the current account dipped from a surplus of SR 43.5bn (\$12.5bn) in 1977 to a deficit of SR 186m (\$57.8m) in 1978. This compares with a record surplus of SR 32.4bn (\$24.5bn) in 1974.

The deficit would have been greater had it not been for increased oil production towards the end of the year as a result of the Iranian revolution, and curbs on government spending imposed in mid-summer.

This year, however, higher oil production and a 41 per cent increase in the price of Saudi Arabian light crude make a repetition of the deficit highly unlikely. The Government had a deficit in its own finances of SR 14.5bn for the 1978-79 financial year and is increasing its budgeted spending for the current financial year by just 8 per cent from the previous year's actual expenditure.

According to the Monetary Agency's Statistical Summary, imports increased from SR 60.7bn in 1977 to SR 78bn in 1978. The increase in imports was largely enjoyed by the western industrial countries, with Britain's share increasing most among the top six trading partners. British exports to Saudi Arabia rose by 48.7 per cent to \$1.5bn in 1978, according to the Monetary Agency, and its market share increased from 8.5 per cent in 1977 to 9.6 per cent in 1978. Britain regained half its 1978 position as Saudi Arabia's fourth largest supplier.

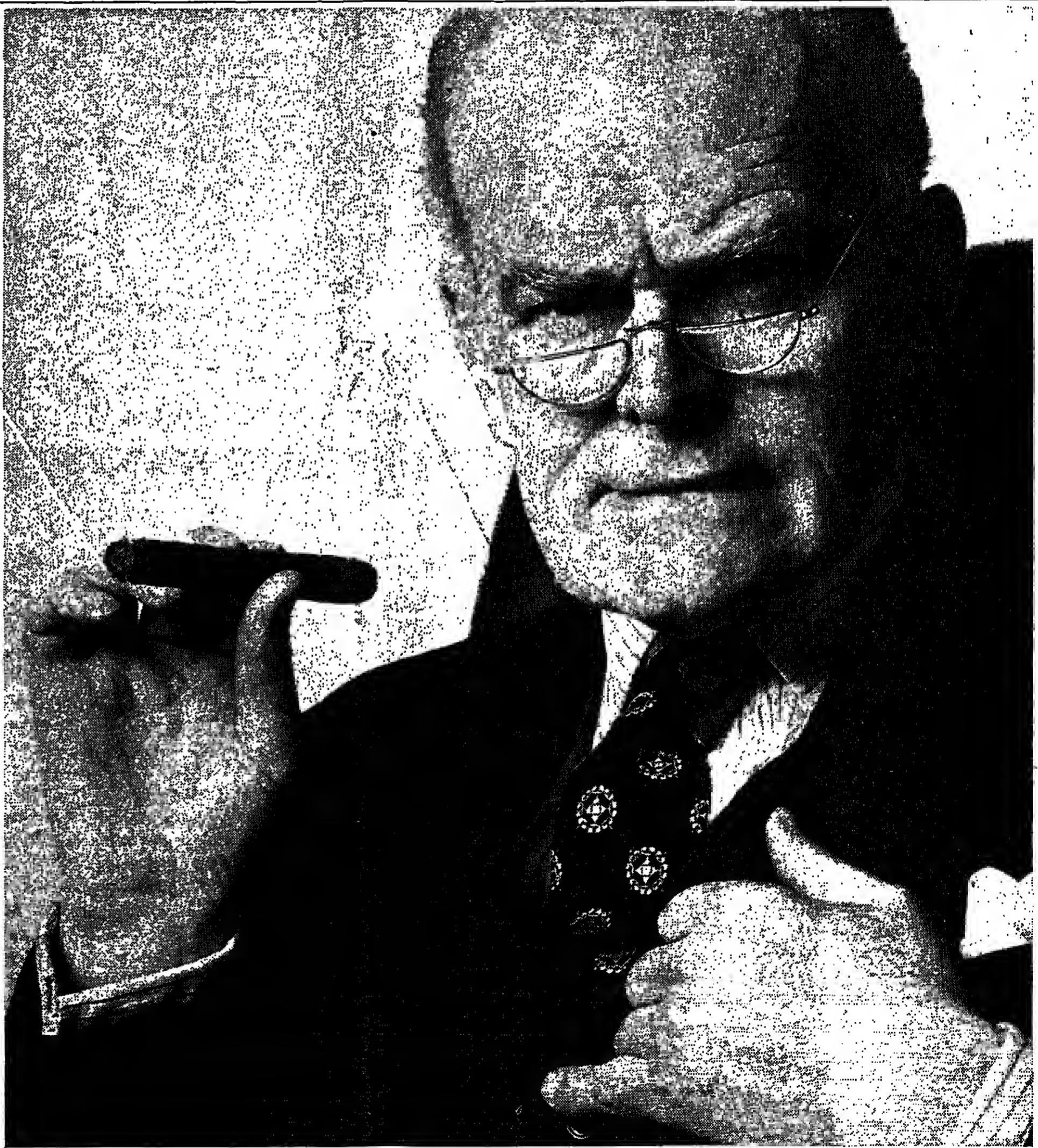
The most welcome development during the year, according to the Monetary Agency, was a "notable decline" in inflation. It attributed this to the restraints on spending, a slower rate of growth and the removal of most major supply bottlenecks. Figures for inflation in Saudi Arabia are somewhat unreal because the income base and weightings in the official cost of living index are out of date, and consumer protection subsidies on basic items distort the effect of inflation on prices.

According to the 1970 index, the cost of living in Saudi Arabia declined in the first quarter of this year for the first time—by 1.6 per cent. During the peak of port congestion in the mid-1970s, the index was rising at annual rates up to 35 per cent.

Although the Monetary Agency published no figures for economic growth in the year—which would certainly be in double figures—the summary shows that money supply (M3) rose by only 26.8 per cent against 47 per cent in 1977 and 66 per cent in 1978.

The curbs in government spending took the form of ceilings on ministry expenditure and much closer scrutiny of contracts, as well as the scaling down and cancellation of orders. These moves were in part dictated by low oil revenues.

In the first eight months of 1978, Saudi Arabia produced an average of only 7.6m barrels a day. With the disruption in Iran, Saudi Arabia had raised production to 10.4m b/d by December, ending the year with an average of 8.2m b/d.



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Shipbuilding centres 'moving away from Western Europe'

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

CENTRES OF shipbuilding are expected to gravitate increasingly away from Western Europe and towards the Far East and South America during the 1980s according to a review of world shipbuilding published yesterday.

Produced by the London shipping consultants, H. P. Drewry, the report presents a gloomy outlook for the 1980s and says that the recovery of the world market for building new ships is not now expected to start till about 1983.

Before that date annual output is expected to be around 10m to 11m compensated gross registered tons (CGRT) in the absence of any EEC-financed scrap-and-build policy.

The report also points out that if the EEC does go ahead with scrap-and-build arrangements, output will rise by about 1m CGRT above the forecast levels in the immediate future. But it may also have the effect of postponing till later in the 1980s a genuine recovery of profitable commercial shipbuilding.

Two main reasons are given in the report for the switch of shipbuilding capacity and output away from Western Europe. One is the large-scale restructuring and reallocation of the world-wide industry as work falls to the estimated 10m to 11m CGRT.

The other reason is that the ownership of shipping fleets will itself change, gravitating towards flags of convenience and Far East flags at the expense of West Europe.

France's biggest exporters

BY TERRY DODSWORTH IN PARIS

A FEW very large exporters, headed by companies in the motor industry, are responsible for a high proportion of French manufactured exports, according to a new survey of France's overseas trade.

The figures, published by the Monitor of International Commerce, show that Renault, the nationalised motor group was overtaken last year as the leading French exporter by the newly formed PSA Peugeot-Citroen car company. The State-owned organisation had exports of FFr 17.4bn (£1.9bn) compared with PSA's FFr 19.2bn.

Behind these companies come a group of businesses concentrated on the electrical, chemicals, engineering and steel sectors.

The leader of these is Compagnie Generale d'Electricite (CGE), with sales of FFr 8.8bn, followed by Rhone-Poulenc, the chemicals concern (FFr 7.7bn), and PUK, the diversified aluminium manufacturer with FFr 7.5bn of exports.

Creusot Loire (engineering) is sixth in the table with FFr 6.7bn exports, in front of Thomson-Brandt (electrical goods) with FFr 6.6bn, Usinor (steel) with FFr 6.1bn and Valloirec (tubes) with FFr 5bn.

The report indicates a high concentration of exports by relatively few companies. Out of total sales abroad of about FFr 425bn last year some 75 per cent was exported by 1,582 companies, and 52 per cent of this figure (FFr 166bn) was achieved by only 44 groups.

U.S. asked to suspend duty on Airbuses

By Guy de Jonghieres, Common Market Correspondent, in Brussels

THE U.S. is to be asked by the European Economic Community to suspend payment of import duties worth \$4m on five European Airbuses to be delivered to Eastern Airlines during the final quarter of this year.

American duties on imported civil aircraft, currently 5 per cent of their value, are due to be eliminated entirely from the start of next year as part of the planned Tokyo Round package of trade liberalisation measures recently negotiated in the General Agreement on Tariffs and Trade.

The Community is, in effect, planning to ask the U.S. to introduce this aspect of the package three months ahead of schedule.

EEC Foreign Ministers yesterday authorised Viscount Etienne Davignon, the European Industry Commissioner, to undertake preliminary discussions with the Carter Administration on the request and to report back.

Eastern Airlines has placed firm orders for 23 Airbuses and has options to purchase nine more. The total contract, worth at least \$1bn, is the highest sale of commercial aircraft ever made by a European manufacturer to an American airline.

To secure the contract, Airbus Industrie agreed to an unusual provision requiring it, and not Eastern, to pay the duties on the aircraft. If the duties are suspended, Airbus Industrie will presumably be entitled to keep the money involved.

European manufacturers and governments have complained strongly in the past that their efforts to break into the American market have been impeded by what they considered the excessively high level of protection afforded to the U.S. aircraft industry.

Viscount Davignon said yesterday that he would not seek a refund of customs duties on Airbuses already delivered to Eastern. His request covered only five of the aircraft due for delivery between late October and the end of the year.

He denied that the request was in any way linked to the Commission's efforts to make EEC countries purchasing the F-16 military aircraft pay Community duties on components imported from the U.S. and used in the assembly of the plane.

LATIN AMERICAN TRADE

UK falls behind in oil-rich Mexico

BY WILLIAM CHISLETT IN MEXICO CITY

MR. CECIL PARKINSON, the British Minister for Trade, arrives here this week for a six day visit aimed at familiarising himself with Mexico, an increasingly important customer for Britain.

Mr. Parkinson will meet Ministers and Government officials in Mexico City, visit Monterrey, the bastion of the Mexican private sector, and also travel to Coahuacalco on the Gulf Coast, which is one of the Government's four development ports where attractive fiscal incentives are being offered to encourage new industry.

His visit comes ten months after Britain held its largest single overseas promotion for 1978 in Mexico—the British Industrial Exhibition, and he will be keen to judge its effectiveness.

Trade figures for the first half of the year suggest that while British interests are making greater efforts to sell to oil-rich Mexico, which is on the verge of rapid economic expansion, the UK is still very much in the shadow of West Germany, Japan and France not to mention the U.S. which dominates the Mexican market.

In the first six months of this year UK exports to Mexico were worth \$63.4m compared to \$48.3m in the same period last year. Mexico's exports to the

UK were down from £20.2m in the first half 1978 to £15.3m this year. On present form this will give Britain a trade surplus for the whole year of at least £80m as against £27m last year.

Britain has in fact dropped slightly in her share of the Mexican market from 2.7 per cent to 2.4 per cent whereas West Germany in the same period increased its share from 6.8 per cent to 7.3 per cent and the U.S. from 57.5 per cent to 61.5 per cent. Britain is Mexico's fifth largest supplier.

Britain's main export to Mexico is diesel components and tractor parts, which account for a third of the total. Mexico's drop in its exports to Britain highlights a sensitive point between the two countries, which could be raised by the Mexicans during the visit.

Mexico is rather touchy about the need to balance trade between the two countries—which is very much in Britain's favour—and it is a subject raised every year at the meeting of the Anglo-Mexican Joint Commission on Industrial and Economic Co-operation.

Britain's view is that it is pragmatic to talk of balancing trade with every country with which it trades and what matters is the overall trade position of a country.

Since the trade exhibition

businessmen have been filling through Mexico City with an eye to participating in the economic "take off" which will be fuelled by the rising oil revenue estimated at \$4bn this year.

But while the interest is great, orders are not being placed with British companies in any great quantity. This in part, is as much the result of the indecision by the Mexican Government about when to go ahead on several planned projects as the failure of British businessmen to offer competitive terms.

Unfortunately there were no nuggets in the annual state of the nation speech by President Jose Lopez Portillo on import-tariff policy matters, like whether to join GATT. There was no hint of when announcements will be made about expanding ports and going ahead with the second stage of the State steel mill, Sicitarsa.

Sicitarsa is to expand to include a steel plate mill with an installed capacity of 1.5m tonnes. Mexico's own steel demand gives an idea of how fast the Government believes the country will expand.

Present demand of 8.5m tonnes a year is projected to increase to 12.7m tonnes by 1985 and 21.3m tonnes by 1990. This year steel output is fore-

cast at around 8m tonnes with the rest imported. The British Steel Corporation is one of many contenders for the second Sicitarsa stage, but no decision has yet been taken.

Prior to Mr. Parkinson's visit, representatives of 17 British companies, including five GEC companies and Davy International, paid a one week visit to Mexico. Davy International is pressing hard to win the order to expand the State steel mill which it built at Monclova.

Mexican foreign investment law limits foreign investors to 49 per cent ownership, but in some areas this is now being relaxed, most notably in tourism where the Government recognises that the country has a pressing shortage of hotels.

Tourist resorts like Acapulco and Cancun are said to have an average 90 per cent occupancy rate all year round. In order to attract investment in new hotels, the Government is letting it be known that it is prepared to allow up to 100 per cent foreign ownership.

Grand Metropolitan has been quick to realise the tourism potential of Mexico and recently won the contract to run the duty free shops at Acapulco, Merida and Monterrey airports with a view to intensifying its presence in Mexico.

£500m Greek tank project postponed

BY DAVID TONGE

THE GREEK Government has deferred plans to replace its fleet of 1,150 aging battle tanks. The need for austerity and the continuing emphasis given to the Greek navy and air forces mean that a major project to buy British or French tanks and to set up a local tank factory has now been postponed.

Greece's 350 M-47 and 800 M-48 tanks are up to 25 years old. In 1974 the Colonels regime ordered over 100 French medium tanks, the AMX-30. Since the fall of the junta, Greek governments worried about a possible conflict with Turkey, have ordered further French tanks as well as studied purchase of a modern battle tank.

At first the British company Vickers was believed to have won the contract which could have proved to be worth £500m.

Then the powerful pro-French lobby in Athens was reported to have gained the upper hand. Next, in spring 1978, a fresh evaluation of the tenders received led to Vickers being again favoured.

The Vickers package involves selling 30 tanks "off the shelf" and helping the Greeks set up a local tank industry which would build tanks with increasing local content. The industry would probably be in the port town of Volos. However, the need for budgetary restraint and the latest hike in oil prices, which has added \$800m to the country's annual oil bill, means that the economic ministries have helped delay this project.

Political and military factors also contribute to the delay. Deferring a decision on the new tank will help the French: by 1981 their new AMX-32, will

be available. More important, however, is the stress that the Greeks are putting on equipping their navy and air force.

With Turkey, rather than the Warsaw Pact, perceived to pose the main immediate threat, the Greek armed forces have been prepared for hostilities taking place in the Aegean rather than in Macedonia. Having bought a number of fast attack craft the Greeks are now looking for frigates to replace the 35-year-old destroyers and frigates they have obtained from the U.S. Navy. Last week Mr. Alexander Avramidis, a Greek Deputy Minister of National Defence, visiting Britain for the Royal Naval Equipment Exhibition at Portsmouth called on Vosper-Thornycroft (UK) in Southampton and discussed its planned T-24 frigate.

For at least four years they

have also been considering buying ground-to-air missiles, in particular the UK Rapier system, to boost their outdated air defences. Communications systems are not so high on their list of priorities.

The arms race on both sides of the Aegean has long burdened the budgets of both Greece and Turkey. Turkey is looking for up to £1.5bn military aid from the U.S. over the next five years to modernise its armed force. It is making the continued operation of the 26 U.S. installations in Turkey dependent on agreement on future financial aid. Three U.S. destroyers commissioned between 1944 and 1945 and a salvage ship are shortly to be turned over to the Turkish navy: the U.S. Congressman blocking the deal has now withdrawn his objections.

Askew picks Hormats as trade deputy

By Jurek Marcin, U.S. Editor in Washington

MR. REUBIN ASKEW, nominated by President Carter to take charge of external trade relations, appear to have gone some way to strengthening his department's hand in foreign negotiations by securing the services of Mr. Robert Hormats as one of his two principal deputies.

Mr. Hormats is currently Deputy Assistant Secretary of State for Economic and Business Affairs, having previously served for several years as the National Security Council's international economics expert. He is widely respected in foreign economic circles, having been intimately involved in the preparation of the summits of the industrialised countries and in the North-South dialogue with the developing world.

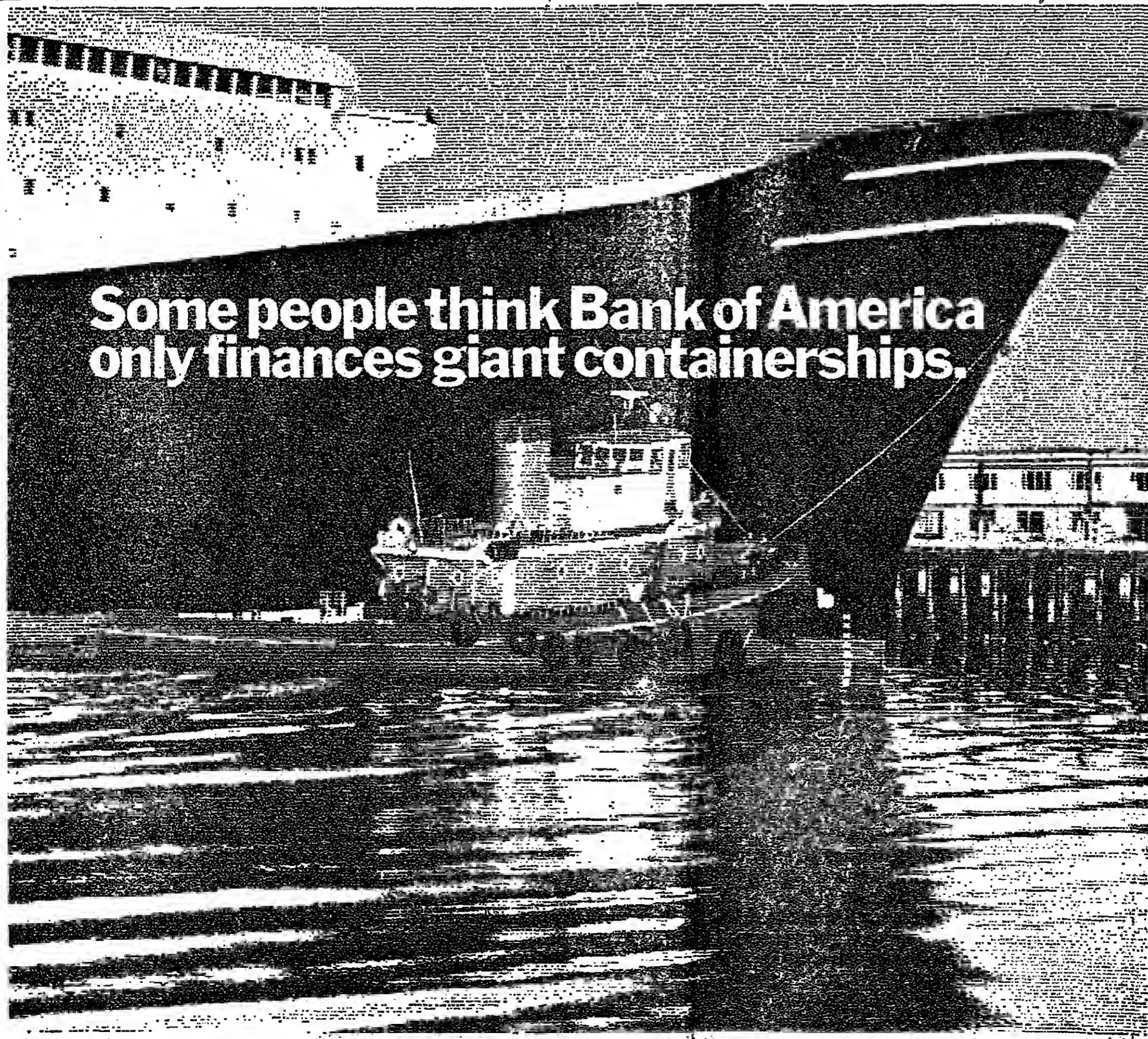
His appointment has yet to be announced by the White House and his departure from the State Department may have encountered some internal opposition, since his economic team is known to have been fully stretched for some time.

It was clearly Mr. Hormats' international expertise which attracted Mr. Askew, the former Governor of Florida whose own foreign experience is limited. For his part, Mr. Hormats does not have particularly strong political contacts on Capitol Hill, but that can be said to be Mr. Askew's strong suit.

Later this week, the Administration is expected to send up to Congress its proposals strengthening the office of Special Trade Representative and retaining it as the office of the U.S. Trade Representative.

Some Congressional critics claim that the Administration's proposed reform—do not go far enough and that a fully fledged Cabinet-level trade department should be created to unify a trade bureaucracy scattered all over Washington.

As it is, the Administration essentially envisages dividing most trade responsibilities between Mr. Askew's office and the newly christened Department of Trade and Commerce, which, it is intended, should take over from the Treasury authority over anti-dumping and countervailing duties implementation.



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Methven hits at lack of consultation

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN ATTACK on British management for not communicating and consulting sufficiently with their employees was made yesterday by Sir John Methven, director general of the Confederation of British Industry, and Mr. Reginald Dixon, CBI director of social affairs.

Speaking at the launching of a new CBI document setting out guidelines for action on employee involvement, they said communication in the industry was poor and few if any companies carried it out successfully.

"Too many people pay lip service to communication and consultation but do not carry it out," Sir John said. "If industry is to become more efficient,

people must be involved at all levels."

Mr. Dixon, who was responsible for preparing the new guidelines, went further in his criticism of present practices. "I don't think that there's a single company that couldn't do it better, and most have not even got to the first base of making the management decision to start proper communication and consultation," he said.

The CBI's plea coincides with the development of its policy for changing the balance of power in industry away from organised labour and towards capital by increasing employer solidarity and, possibly, introducing an employers' strike in-

urance fund. This will be discussed at today's monthly meeting of the CBI council.

Yesterday Sir John said that these policy developments complemented each other. "In both cases we are talking about a plea to managers to accept their own responsibilities. It is part and parcel of the need for greater professionalism in industry," he declared.

The CBI's guidelines for involving employees will be the subject of a conference to be attended by 140 company representatives tomorrow which will be opened by Mr. James Prior, Employment Secretary.

The guidelines stress that companies need to adopt an "open style of management." They do not discuss contro-

versial subjects of political debate such as worker directors. Instead they set out the steps that should be followed by companies, starting with defining the objectives of involvement and moving on to the establishment of consultation arrangements and the checking of results.

"We are not talking about changing the manager's role as a decision-maker; we are talking about helping him to achieve the consent which he needs to put his decisions into action," says the CBI.

Guidelines for Action on Employee Involvement; CBI, 21, Tothill Street, London, SW1; price £1.50.

CBI Strike Insurance Plan, Page 26.

U.S. group in unit trust move

By Martin Dickson

FIDELITY Investment Group of Boston, the largest managers of mutual funds in the U.S., plans to enter the UK unit trust business. The move is subject to Department of Trade approval.

Fidelity has just set up an investment management company in the UK. It is headed by Mr. Richard Timberlake, formerly managing director of Schlesinger Trust managers. The company ultimately plans to service both private and corporate investors in the UK.

Mr. Timberlake said yesterday that the company had been talking about setting up unit trusts with the Department of Trade, the Government body which oversees the unit trust sector, and that he expected the first of those to be launched in the first quarter of next year. He would not disclose exactly where they would be invested, but it is understood that Fidelity will concentrate initially on the UK.

Net unit trust sales in the UK are running at their lowest level for 14 years. A number of unit trust observers have been complaining that there are already too many funds on the market. But Mr. Timberlake points to the impressive track record of the Fidelity Investment Group, which has total funds of more than £3.5bn under management. The group also manages offshore funds of about \$90m.

ICI puts up contract methanol prices

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL INDUSTRIES is putting up the contract price of its methanol, a chemical used in a wide variety of processes, by 28.9 per cent — an extra £24.80 a tonne — from the beginning of next month.

In April, the company, which is one of Europe's biggest methanol producers, put up its contract price by 17.7 per cent to £12.90 a tonne.

The price rises mark the first upturn for some years in the world market for methanol, which is used chiefly in the making of glue for the laminates, chipboard and adhesives industries as well as in the production of fibres, perspex, solvents and antifreeze.

ICI said yesterday that the price of methanol had "been on the floor" from 1974 until the first quarter of this year. The main reason for the "incredibly low price," which had sometimes made it impossible for producers to cover their costs, had been world overcapacity.

The chemical is a liquid that is easily transported and had been exported by Russia, the U.S. and the Middle East to Europe. But earlier this year supplies began to tighten and prices started to "shoot up."

Increased demand in the U.S. allied to the U.S.-based Du Pont group's successful anti-dumping case against Canadian producers, had led to a substantial

reduction in American methanol exports.

At the same time, Russian methanol exports had almost "vanished" during 1979. One reason for that may have been the cutting of Iranian gas exports to Russia after the revolution in Iran earlier this year — gas is one of the raw materials from which methanol is made. There is also a theory that the Russians may be using their methanol to produce consumer goods that could brighten their image during next year's Olympic games.

ICI pointed out that there had been an unusually high number of methanol plant failures this year which had further tightened supplies. It said its new price levels would still not be high enough to justify re-investment and it foresaw further price increases, although those increases were not expected to be as dramatic as this year's and they could be tempered by a recession in the West next year.

Methanol Chemie Nederland, another major European producer, which is jointly owned by the Dutch-based Alzo and the Dutch-based DSM, is understood to be increasing its contract methanol prices by between 30 per cent and 35 per cent on October 1.

It is believed to base its price rises on substantial increases in the cost of gas feedstocks.

Internal air fares rise sought

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS has asked the Civil Aviation Authority for permission to raise the Heathrow-Glasgow-Edinburgh - Belfast single fare from £37 to £41 from October 28.

British Caledonian is asking for a similar rise for its flights between Gatwick and Glasgow-Edinburgh, from November 1.

The rises are part of a package of increases in domestic air fares sought by several airlines, including Brymon, Dan-Air and Intra Airways.

The rises average 10 per cent on most routes, and are mainly attributed to rising cost of fuel.

Dan-Air seeks a further increase of 15 per cent from April 1.

British Airways wants the London-Manchester single fare to rise from £28.30 to £28, and British Caledonian wants the Glasgow-Newcastle rate raised from £17 to £19 single.

British Island Airways is asking for a rise from £20 to £22 single in the Jersey-Guernsey-Southampton fare, and from £17.50 to £19.50 in the Isle of Man-Blackpool rate.

Dan-Air wants the Gatwick-Newcastle single fare to rise from £29 to £32, and Bristol-Cardiff-Leeds-Bradford from £28.50 to £33.

Court bid to stop Fife gas plant

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AN ATTEMPT, through legal action, to stop Shell and Esso building a £500m gas separation plant and ethane cracker at Mossmorran, Fife, will be started today by a local protest group.

The companies were given planning permission last month by Mr. George Younger, Secretary for Scotland, after an inquiry and lengthy delays while specialist evidence on possible explosion risks was examined.

Objectors maintain that the final decision did not reflect the careful consideration of the evidence, produced by them, that the Minister was legally obliged to give.

They will ask the Court of Session in Edinburgh to order a re-opening of the planning inquiry to consider the risks from radio transmissions, igni-

tion of escaped gases and from the spillage or escape of gases or gas liquids.

The protest group has so far taken two successful legal actions against the Secretary of State, requiring him to produce documents and extend the deadline for new evidence to be submitted. They were awarded costs in both cases.

Mr. Dick Mehta, one of the group, said yesterday that the

new action would be on the grounds either that the Minister had exceeded his powers or failed to follow procedures, or that his decision was against natural justice.

The full action may not be heard for some time but the group says it will not ask the court to halt site work.

The Mossmorran project is part of Shell and Esso's exploitation of gases from the Brent Field.

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Energy Department denial on offshore supply grants

THE ENERGY DEPARTMENT last night denied that a dozen or so civil servants had been reprimanded over the wrongful granting of at least £52m, and possibly about £10m, in aid to the offshore supplies industry.

A statement from the department said that the number represented approximately the size of staff administering the Interest Relief Grant Scheme which was set up to help UK oil equipment suppliers obtain orders in the British sector of the North Sea. It has been learned that many of the grants were awarded in contravention

of the rules and guidelines laid down for payments.

The department also refuted reports in some sectors of the press that an under-secretary had resigned because of the administration of the scheme. The inference was without foundation and the civil servant had left for personal and domestic reasons, the statement said. It was also denied that an under-secretary in the department had been reprimanded, as was mistakenly stated at a hearing of the Commons Public Accounts Committee.

Marine insurers name trouble spots

IRAN AND Saudi Arabia were named as trouble areas for marine insurers at the International Union of Marine Insurance annual conference in Edinburgh yesterday.

The cargo committee reported that a big proportion of cargoes diverted from Iran seemed to have been insured in the domestic market. Some consignees had disappeared or left the country. In many cases it was not known if the goods had reached their destination or been diverted. There was a marked lack of co-operation from the Iranian authorities.

Underwriters had problems establishing the extent of damage and the identity of the rightful claimant where goods had been damaged, because of several transshipments or lengthy storage.

Mr. N. Kihlborn, the Swedish chairman of the committee, quoted two cases where Scandinavian exporters had been arbitrarily imprisoned on entering Saudi Arabia over claims against their companies for goods damaged or allegedly lost. The trouble arose because the local importer did not take out insurance cover.

Turbine plant ultimatum

PRODUCTIVITY at the Trafford Park General Electric Company turbine plant must improve by 10 to 15 per cent to compete with foreign companies in overseas markets.

Mr. D. R. Edwards, Trafford Park works manager, said yesterday the UK industry is not building power stations now and British turbine makers must look overseas for orders.

While GEC has had a good export record, it now

faces tougher competition from Japan, Germany, Switzerland, U.S. and France especially due to overcapacity in the industry.

The workforce have been asked to approve changes to improve productivity but management officials have not secured full agreement from the 750 skilled and semi-skilled workers affected.

An attempt will be made today to introduce the new system.

Earlier date for new Occidental drilling

OCCIDENTAL offshore group is bringing forward its plans to drill another exploration well on Block 14/18, near the Claymore Field.

As operator for a five-company consortium, it said that it had advanced by several months the drilling of the third well on the block. It is expected to begin next month. No reason was given for the change. It is thought the decision is influenced by the Government call for speeding of exploration work.

Announcing the campaign, in Cardiff, Dr. Phil Williams, the party energy spokesman, said there was a very real danger of the country being seen as a "soft option" for dumping Gwynedd and Powys had already been designated by the Atomic Energy Authority as areas for test drillings of nuclear waste sites.

Better shoe drive

THE MULTIPLE SHOE Retailers' Association, representing most "High Street" shoe stores, and the Shoe and Allied Trades Research Association are combining with the Department of Industry to deal with the high rate of complaints from the public. They will look at 10,000-15,000 pairs of shoes in the coming year, at a cost of £50,000.

Deaths 'scapegoat'

Stephen and Carter, of Brentford, Middx., designers of a platform which fell 90 ft resulting in the deaths of five men, were fined £2,000 and ordered to pay £324 costs at Cardiff.

Sir Lincoln Hallinan, the stipendiary magistrate, said the eight men on the suspended platform, which Health and Safety executive experts said was safe for only two, the company pleaded guilty to contravening work safety regulations. Sir Lincoln said it was the "scapegoat or whipping boy" for lack of co-ordination.

"Clearly somebody was responsible for this, somebody — no doubt in the work force."

Welsh N-protest

FLAID CYMRU, the Welsh nationalist party said it would oppose strenuously any moves to store nuclear waste in Wales.

Liquor boost

A £140,000 advertising campaign for the Amaretto di Saronno liquor was announced by Atkinson, Baldwin, the UK agents. In conjunction with the Leo Burnett advertising agency, it hopes to capture part of the pre-Christmas drinks market.



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Pharmacy exports fall 5% in half-year

By Sue Cameron, Chemicals Correspondent. PHARMACEUTICAL EXPORTS during the first half of this year dropped by 5.3 per cent to £208.3m compared with the same period in 1978...

Revolution The drop in exports to Iran had been caused by the revolution and subsequent political instability.

The one bright spot was that June accounted for £322m of the total £435m. This suggested that trading conditions with Iran might be improving...

Early meeting on Gatwick

By Our Aerospace Correspondent. AN INFORMAL preliminary meeting of participants in the public inquiry on November 27 into the proposed second passenger terminal at Gatwick Airport will be held at Crawley Town Hall, Sussex, on October 8.

Company car proposals 'could cost 10,000 jobs'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK NEW car market could shrink by up to 20 per cent, and more than 10,000 jobs could be lost in the vehicle components industry...

They suggest the following effects if the proposals in Inland Revenue's consultative document on business "perks" were put into effect in the 1980-81 tax year:

The UK new car market would drop by 19 to 22 per cent. BI would lose a further 4 per cent of the market leaving it with at most 15 per cent—far below any possible break-even point.

Ford's market share would fall 5 to 6 per cent to 20 per cent.

'Synfuel' challenge to OPEC

BY DAVID FISHLOCK, SCIENCE EDITOR

A START could be made immediately on building to convert coal into fuels such as petrol and diesel at a price competitive with the expected price of oil in the mid-1990s, the Motor Corporation of California claimed in London yesterday.

Such a plant would produce 38,000 barrels a day of oil products—petrol, diesel and jet fuel—for the equivalent of \$46 per barrel of crude.

Shops cleared over price rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MANUFACTURERS AND retailers were yesterday absolved from any blame attached to price changes due to new metric packs.

The sole exception to the general clean bill of health was the Ryvita company whose price was raised at a time when most shops were changing to displaying metric packs.

The commission also monitored retail prices following metric changes and said that, "after taking the changed sizes of packs into account, we found that metrication did not generally have any effect on

strong resistance, and it would take time for individuals to amass sufficient tax benefits to make their purchases. Economic conditions will discourage them from heavy hire-purchase commitments.

"The only way to make the transition is to allow several years, and for the Government to act in close consultation with the motor industry," says the consultants.

UK has most mortgage changes

BY MICHAEL CASSELL

HOUSE BUYERS in Britain face more frequent changes in mortgage rates than in any other European country, says a survey of owner-occupation in Europe published yesterday by the Building Societies' Association.

It states that it is easier to become a house-owner in Britain than elsewhere in Europe. Houses are relatively cheap in relation to income and fees representing a high percentage of purchase price can be obtained "without any formal waiting period."

But the relative ease of access to home ownership does not necessarily mean that the housing finance system is better than in other countries.

The British system must allow for easy access to owner-occupation because there is virtually no rental housing available on the market.

In several European countries home-buyers confront fixed interest rates, mortgage and contractual savings schemes which involve an agreed saving period before loans are offered.

Few countries offer a single source of finance. Additional assistance is often required, either from a secondary mortgage or a savings bank.

A survey last week by the Nationwide Building Society showed that Ireland had the highest proportion of home ownership (73 per cent), with the lowest (28 per cent) in West Germany.

According to the Department, the average price paid for a home bought with a local authority loan varied at 72% with the average mortgage £5,943, about 81 per cent of the purchase price.

N. Ireland talks to be carried out with closer Dublin links

BY STEWART DALBY IN BELFAST

THE INITIATIVE being conducted by Mr. Humphrey Atkins, Secretary of State for Northern Ireland, to find ways to restore some kind of devolved Government to the province will also embrace security and will be carried out in closer liaison with the Dublin Government than previously.

This emerged in Belfast yesterday as the Northern Ireland Office confirmed that Mr. Atkins has been seeing and will continue to see local political leaders. At the moment there is an local government between the all-powerful Secretary of State and the almost impotent 26 district councils.

Mr. Atkins wants to fulfil a Conservative Party election pledge to find ways of bridging this gap and restoring to the province control over areas like housing, education and environmental affairs.

He has had talks with Mr. Ian Paisley and his Democratic

Unionist Party, the Official Unionist Party, the non-sectarian Alliance Party and the Social Democratic Labour Party. These represent the main voice of the moderate Catholics.

Co-operation Observers give Mr. Atkins little chance of achieving new political structures on a power-sharing basis.

After the meeting between Mr. Paisley, who styles himself leader of the Northern Ireland people because of his successes in the European Parliament poll and the UK general election, is opposed to sitting down with the S.M.P. even for local government purposes.

It is therefore expected that talks will move over to security. After the meeting between Mr. Jack Lynch, the Irish Foreign Minister, and Mrs. Margaret Thatcher last September, it was agreed there should be a "substantial" improvement in co-

operation between the two police forces. Mr. Lynch, who faces political difficulties, is known to prefer that initiatives concentrate on the question of devolved government, but be as prepared to act in a limited way on the question of security.

Although no details emerged about specific measures on security, it is thought that the Irish Government is considering moves which stop short of changing the law on extradition and allowing members of the UVF into Ireland to interrogate the suspects.

One suggestion has been that Ireland could enhance its special task force for surveillance of known Provisional IRA suspects. This is thought to be one of the questions Mr. Atkins will be discussing with Mr. Michael O'Kennedy, the Irish Foreign Minister, when he meets him soon in a follow-up to the Thatcher-Lynch talks.

Current account deficit £2.4bn

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CURRENT account of the balance of payments was in deficit by £2.4bn or £300m a month, during the first eight months of this year.

This represents a sharp deterioration from the current account surplus of £300m a month during the second half of last year, in spite of an average reduction of about £100m a month in the deficit on trade in oil.

The Department of Trade believes the worsening over-

states the underlying deterioration. The latest figures show a larger deficit so far this year than estimated last month. This is the result of a big revision downwards of the invisibles contribution in the second quarter to a surplus to balance.

This mainly reflects larger than expected profits and interest payments abroad. Consequently, instead of the deficit of £1.5bn estimated pre-

viously for the first seven months of the year, the deficit (excluding August) is now put at £2.3bn.

The terms of trade—the ratio of export to import prices—rose by 1.1 per cent in the first eight months of this year compared with the second half of 1978. There was little change in the price of imported finished manufactured goods over the period, reflecting the strength of sterling.

Table titled 'BALANCE OF TRADE' showing Exports and Imports in £m seasonally adjusted for 1977, 1978, and 1979. It includes columns for Exports, Imports, Terms of trade, and Oil balance.

* Ratio of export prices to import prices. † Rounded to nearest £100m and whole number.

Source: Department of Trade



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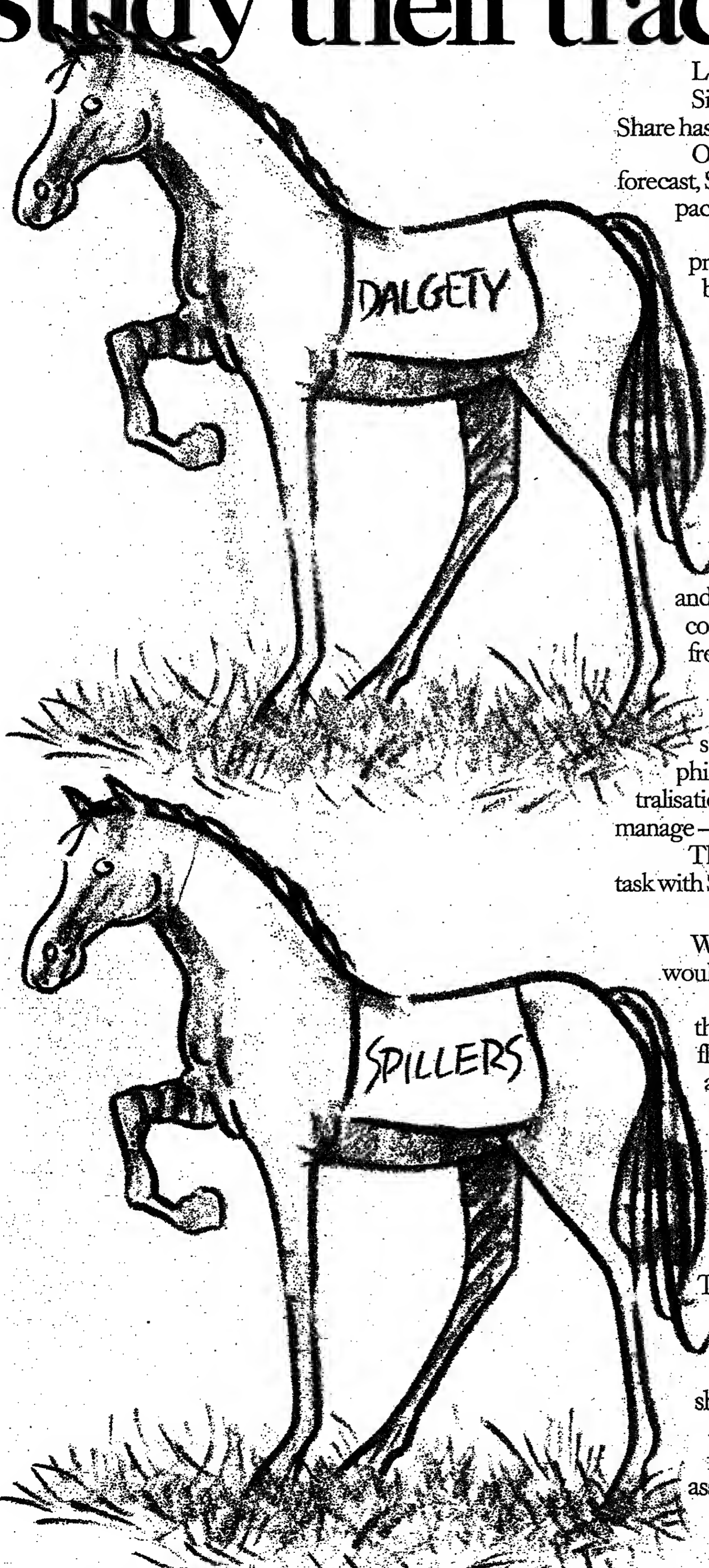


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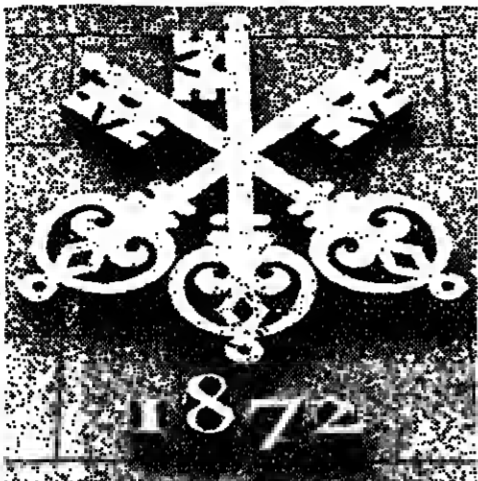
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APPOINTMENTS

New research direc

unlop

Dr. Brian C. Lindley, at present chief executive and managing director of E. R. A. Technology, will join DUNLOP LIMITED in November as director of research. He succeeds Dr. D. G. Marshall, who retires at the end of the year after 25 years with the company. Dr. Lindley was appointed director of research of the Electric Research Association in 1969 and following constitutional changes in 1973, he became chief executive and managing director of ERA Technology. He is a member of the Research and Technology Committee of the CBI and of the Fininvest Committee of Enquiry into the Engineering Profession.

Mr. E. D. Baker has taken over responsibility for production at FRANCO SIGNS, in addition to his existing duties, following the retirement of Mr. E. White.

Mr. David H. Swanson has been named general manager of the European division of the CONTINENTAL GRAIN COMPANY and will be appointed director of general finance and a controlling grain subsidiary headquartered in Geneva, Switzerland. Mr. Swanson, with Continental Grain Company since 1975, was corporate vice president-finance before taking over his new duties. All European regional managers will be responsible to him.

Godfrey and Co., stockbrokers of London, is joining with Godfrey Derby and Co., of Somerset, and from September 22 will become GODFRAY DERBY AND CO. Partners of the new firm and their resident offices in order of priority will be: Mr. R. O. W. Durry-Wells; Mr. R. L. Stevenson-Bath; Mr. E. L. Vernon and Mr. J. S. Bell—London; and Mr. S. A. O'Sullivan—Weston super Mare.

Mr. Alan Watson, at present head of the Radio/TV/Audio-visual Division of the European Commission in Brussels, has been appointed chief executive of CHARLES BARKER CITY. He succeeds Mr. Reg Valin, whose departure at the end of the year was announced in May.

Mr. Gunter E. Euter has been appointed managing director European operations CAMBRIDGE-LEE (EUROPE) B.V., Netherlands, a division of Cambridge-Lee Industries Inc., Boston, Mass., U.S.

The Secretary for Social Services has appointed Mr. Thomas Borges to the COUNCIL FOR THE PROFESSIONS SUPPLEMENTARY TO MEDICINE.

Mr. Daniel E. Noonan has been appointed group consultant, North America, for R. P. MARTIN AND CO. from October 3.

Mr. Miles Connell has been

appointed to the board of HOGG ROBINSON AND GARDNER MOUNTAIN INTERNATIONAL, part of the Hogg Robinson Group.

The following appointments have taken place at the APPLE YARD GROUP OF COMPANIES. Mr. J. S. Limb, formerly managing director, becomes deputy chairman in place of Mr. K. D. Fraser. Mr. J. M. Stuart, who was financial director and secretary, is now managing director. Mr. J. E. Take, previously director and secretary of Endavour Motor Company (the group's subsidiary in Brighton), has been made financial director. Mr. J. E. Clemmitt moves from chief accountant (Yorkshire Region) to the position of secretary to the group. Mr. Stuart joined the group in 1966 on the acquisition of Gley's of Ripon where he was managing director. He became secretary of the group in 1966 and financial director in 1971.

Management changes have been made by VOLVO PENTA UK, the Watford, Herts, based company responsible for the UK marketing of marine and industrial engines produced by AB Volvo Penta, Sweden. Mr. Christopher Davis has been appointed managing director. He joined Volvo Penta UK in 1979 as company secretary and financial controller, having previously worked in financial positions both within the UK and overseas. He succeeds Mr. Beag Gustafsson, who has completed a three-year contractual period and has returned to Sweden to take up a position as area director within Volvo International Development Corporation, responsible for the Middle East markets at the UK marketing base. Mr. Michael Moran becomes marketing director. Mr. Moran set up Volvo Penta UK's industrial marketing operation in 1968 and was industrial sales manager until 1978 when he took an international marketing position with the parent company AB Volvo Penta. Mr. Jim Chance, financial accountant, is now financial controller and company secretary. All other management positions within Volvo Penta UK remain unchanged.

CADBURRY SCHWEPES has made a number of senior appointments within the company's international drinks organisation in take effect on January 1, 1980. They will implement development plans for the production and marketing of drinks brands world-wide, involving both company-owned plants and franchisees. Brands include Schweppes mixer and fruit juices, Ross's Lime Juice and, in the U.S., the new Rondo soft drink. Mr. Geoffrey Darcy becomes international marketing director (drinks). Mr. Wyan Price-Davies succeeds him as managing director of the UK

drinks. Mr. D. J. Thornton becomes chief supplies officer (printing materials and sport) which carries a deputy role to the purchasing manager (engineering). Mr. R. H. Whitwood has been made a chief supplies officer (paper systems).

Mr. M. L. Robertshaw has been appointed a local director of the south east region of RUSH AND TOMPKINS LTD. He joined the company as chief surveyor of the south east region in January, 1979.

Mr. Ronald A. Henderson has been appointed a director of BROWN AND ROOT (UK).

Mr. J. R. Johnson has been appointed financial adviser to the Weir Group's associate company ACERLAN S.A. de C.V. of Queretaro, Mexico. He was formerly divisional finance director of Weir Foundries and a director of a number of the Weir Group's other foundry companies. Acerlan was set up in April, 1978, by Empresas Lanza-Sorta S.A. de C.V. of Mexico City and the Weir Group, which has 49 per cent of the equity. It will produce steel castings, mainly for the Mexican petroleum equipment industry. The new company will work in close association with the Weir Group's UK steel foundries and Mr. Johnson will have special responsibility for advising the management of Acerlan on financial and management control systems.

MOBIL has appointed Mr. Paul J. Hoernmans to the new position of executive vice-president for exploration and production with line responsibility for worldwide oil and gas operations from November 1. Mr. Hoernmans, at present head of marketing and refining operations in Europe, will report to Mr. Alex H. Massad, president of Mobil's exploration and production division. Mr. G. J. G. Doeters, who is president of Mobil South Inc., marketing and refining division, will succeed Mr. Hoernmans as president of Mobil Europe Inc.

Mr. Michael D. Revell has been elected administrative vice-president and director of shipping, special industries department, at MARINE MIDLAND BANK, London.

Mr. Paul S. Lewis and Mr. Charles R. Stewart have been appointed directors of the LINCROFT KILGOUR GROUP. They are joint managing directors of the cloth merchandising division.

Mr. Maurice H. Shanahan has been appointed managing director of the ATTWOOD GROUP OF COMPANIES, of Berkhamsted, Herts. He was formerly managing director of Intercom, a subsidiary of Honeywell.

Mr. Peter Tomlinson has been appointed managing director of BEACON RADIO, the independent radio station for the West Midlands, from October 1. He joins Beacon from ATV in Birmingham where he has been an announcer/presenter.

Mr. John Wilcock has been appointed Western Region Controller, BOC gases division. Two chief supplies officers have been appointed in British Gas Corporation's purchasing department, in a new branch responsible for engineering supplies, transport purchasing and



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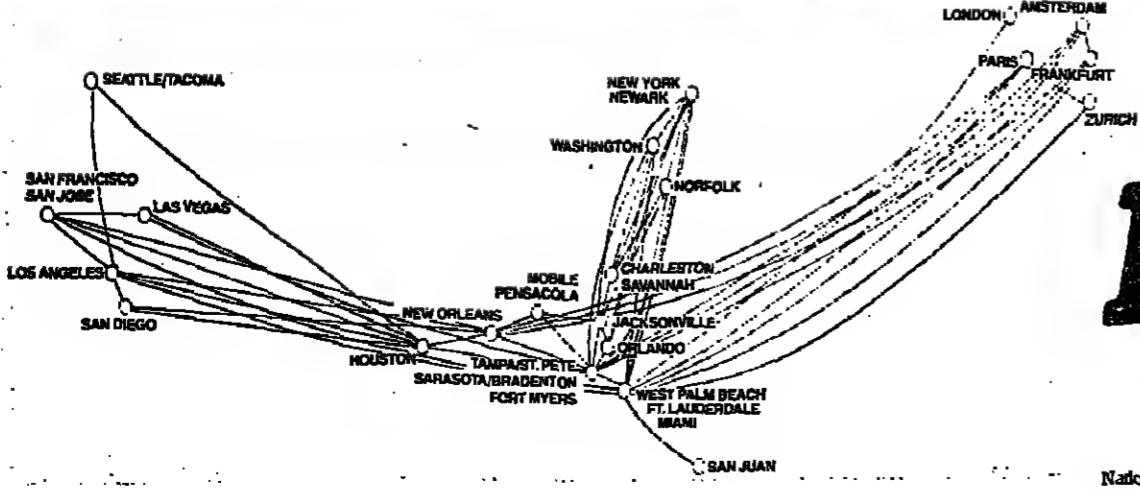
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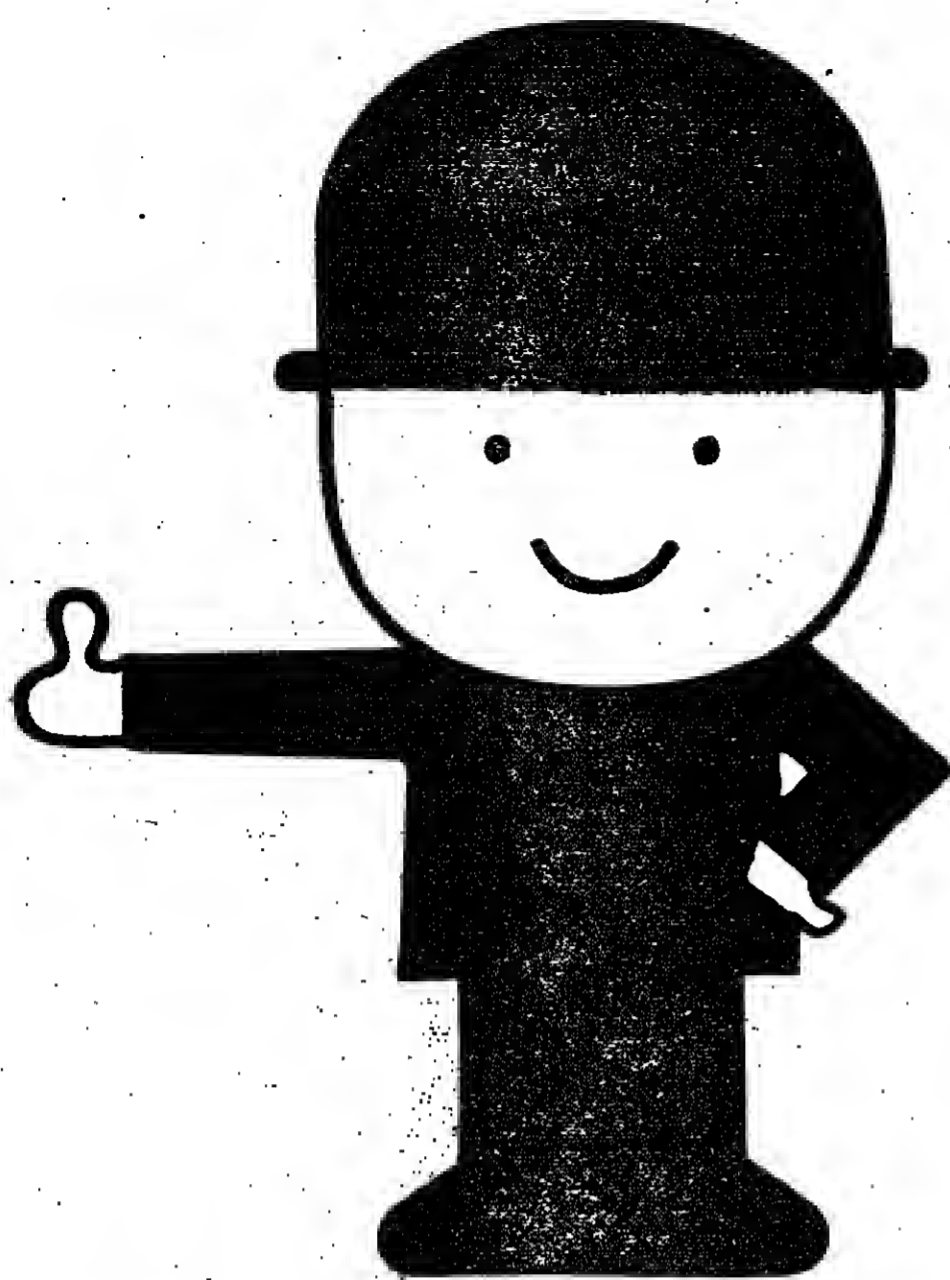
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Dalgety have *not* forecast profits for this year. Their profits are uncertain and could well fall sharply.

Dalgety's shares would give a lower income — equivalent to 3.33p for each Spillers share.

Dalgety's own board was not even united in making the proposal.

Dalgety have very few branded goods.

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The Directors of Spillers Limited have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and they jointly and severally accept responsibility accordingly.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY

Prototype solar power plant

BERTIN, working with such organisations as Pechiney Ugine Kuhlmann, has developed a prototype 50 kW solar-driven power plant which operates at the high temperature of 150 degrees Centigrade.

Bertin was responsible for the design of the turbine, which is of the Rankine cycle type with a rated speed of 7,200 rpm. It weighs 300 kg and measures 900 x 550 x 750 mm.

Though intended primarily for use in small solar plants, it is also being developed for the recovery of low-grade heat from a variety of sources, in the temperature range 100 to 300 degrees C.

Several larger units are in the design stage and represent up-scaled models of the new prototype.

The working fluid for the turbine is a heavy organic compound for which the company claims an expansion efficiency of 80 per cent. The fluid is designated FC75.

With its partners, the company has designed a robust solar collector which is light and easy to install. Based on a cylindrical parabolic mirror, at the focus of which the receiver tube is placed, the collector is claimed to have high efficiency and to be applicable for many forms of heating, as well as the power plant. The module is 5 metres in length and one metre wide and it tracks the sun through an optical unit, detector and small motor.

Further from Bertin and Cie, BP No. 3-7870, Plaisir, France.

COMPUTERS

More equipment from Datasaab

NOW a £100m company in its own right, Datasaab, which calls itself "The Swedish computer company", has brought to the market two new equipment groups which will undoubtedly leave their mark on the data processing scene.

The first is an all-Datasaab minicomputer group, the Series 16, and the second the Alfascop System 41.

The minis are aimed at the fastest-growing sector of the market—small business systems—and to give them even greater impetus, a group of six standard packages containing many common sub-routines are being made available.

Four processors of varying operational power are in the group and typical prices for systems built up around each would run from £17,500 to £150,000.

All these packages are intended for use through work stations in a real-time operation and the company has paid particular attention to the

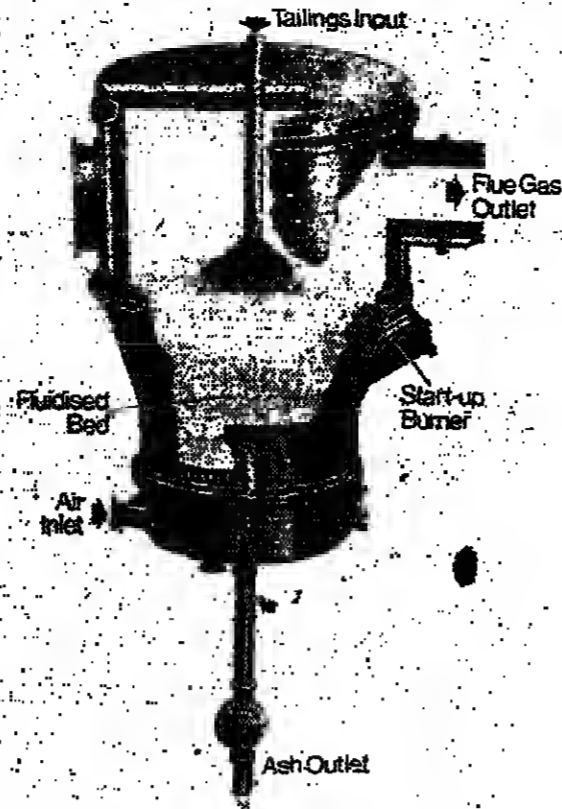
design of these work stations on the basis that too many computer companies have disregarded ergonomics, so that their customers have on their hands equipment that staff find particularly trying to run.

Noteworthy is the specially developed display and keyboard. The display presents data in yellow characters on a matt, non-reflective red-brown screen which can be tilted through a wide angle to suit operator's needs. The keyboard can also be arranged separately from the display and, if required, the numeric pad can be split off and placed where most convenient.

The glare-free displays can provide up to 200 characters of information and be located remotely from the station at distances up to 1,500 metres.

Disc storage offered runs from 10 to 240 Mbyte. The operating language is Cobol. Underlining the launch in the UK of the Alfascop 41 is the

FLUIDISED BED COMBUSTION OF COLLIERY TAILINGS



Every colliery where coal is washed prior to despatch faces a problem with the tailings from the washeries. They are produced at a rate of about 30 tons per hour from a 1m ton per year pit and present one of the more intractable problems the mining industry has to deal with.

They cannot or should not be dispersed in tips because of the fact that in some mining areas the tailings present a danger since under certain conditions of pressure and temperature they can flow and cause tip instability. At the same time, to dispose of them in ponds is no longer acceptable environmentally.

At the Coal Research Establishment, Stoke Orchard, near Cheltenham, an experimental unit has been operated successfully on a throughput of up to 1 tonne per hour of wet tailings, producing useful heat though the hydroaloned tailings are 50 per cent water and 50 per cent coal with a high ash content. Design work is in hand for the scaling up of the plant to cope with 30 tons/hour drawing heat from what has hitherto been a problem material.

This work has gone hand in hand with studies of how the residues from the fluidised bed can be applied. Two new raw materials have emerged. One is a dark grey granule, particularly suitable as an admixture for the production of cement structures such as posts and slabs. It is of a strength comparable with the cement matrix. The other material, produced by running the bed at a higher temperature, is a red granular material which is of higher strength than the commonly used cement mixtures and gives a high degree of reinforcement to the structures in which it is incorporated.

A very interesting characteristic of the fluidised bed used for this purpose is that once lit, it is self-sustaining despite the poor quality of the fuel—in fact it has actually been run on ash discarded from another experimental unit on the site. The inference is that it could be used with slurries of many types with a low carbon content and solve serious disposal problems in many industries other than coal, while providing welcome energy.

PRINTING

For small newspapers

AVAILABLE from Harris Composition Systems in Slough is a low-cost phototypesetter which, for an installed price close to £12,000, is ideal for smaller newspapers as well as for in-plans and commercial printing applications.

Harris 350J will typeset text, news, classified and display advertisements over an extremely wide selection of type styles, by providing an on-line capacity of 15 characters with unrestricted mixing capabilities.

Combining this with 70 point sizes in a range from 8pt to 72pt enables selection to be made from 1,120 on-line fonts.

A standard 70 pica line measure allows setting of full tabloid pages without paste-up, while a 70 lines per minute output speed provides rapid throughput. A 99 tab capability also simplifies multi-column work.

Another feature of the new typesetter is 10 in. of reverse leading, which provides users with the ability to broaden their applications. Activities which formerly required cut and paste methods are typeset in position ready for page make-up.

Harris Systems, 145 Farnham Road, Slough, Berks SL1 4XD. 0753 32665.

Produces electricity and heat

SHANNON GROUP of companies, in conjunction with Fiat (Italy), is seeking to broaden the application of the Fiat Total Energy Module.

This is gas-driven, self-contained, sound-proofed, and produces electricity, and heat, with an efficiency of about 90 per cent.

The unit is mass produced from modified automobile parts and the engine has been converted to run off hydrocarbon gases, methane LPG, bio-gas, etc. When using these fuels, it has a non-polluting, odourless exhaust emission. The gas can be provided from mains, bottle or from a digester.

An asynchronous device starts the unit from mains electricity, and it then becomes a producer of 15 kW of 3-phase electrical power. Using heat exchangers on various hot spots, i.e. the unit exhaust, sump, engine water jacket, heat is reclaimed and fed to an external exchanger where it is available to the user.

The engine is designed to run at about half its power capacity, to give longer life, and it has 12 monitoring devices to ensure

safe functioning. Multiple linking of units will give higher output, and up to eight units can be controlled from one console.

Typical applications would be sewage plants, community covering the basic elements of housing and flats, large office blocks, pit head halls, and anywhere where a dual energy requirement exists. The heat output could be the primary source of, say, process steam.

Fuelled from bio-gas, produced by an anaerobic digester, the unit could power machinery, and provide warm water for heating or cleansing. Digested waste is an excellent fertiliser.

A number of groups are developing such energy conservation devices. But this is a practical, working unit, and is in operation in several European countries.

Further steps could add to the system solar panels, windmills and water turbine generators to supplement the energy requirement.

More details from Shannon at Leigh Street, Walsaw, Bury, BL3 3AL, Lancs. 061-761 1434.

INSTRUMENTS

Bidding for overseas markets

DESPITE the increased difficulties for exporters caused by strong sterling, the marketing arm of Foster Cambridge (George Kent Group) expects to do extremely well overseas with new equipment just announced. The simple reason is cost and for its new flow recorder, for instance, the company says it has a 50 per cent price advantage over its nearest competitor.

This unit is in the Clearspan range under designation P101F, and it will accept an input from practically any type of flow sensor—turbine, venturi, pitot, vortex, etc. In addition it can have a five, six or seven digit counter or provide a pulsed output signal for remote flow

COMPONENTS

Resistant to fire

TO BE introduced into the UK at the International Offshore Exhibition by Anixter (UK) is a range of power and signal cables that have improved flame retardant and smoke emission characteristics.

The cables are made by Datwyler in Switzerland and make use of insulating compounds that do not emit hydrochloric acid vapours or heavy fumes and smoke under fire or electrical fault conditions. The material is also flame retardant so that critical control or power functions can be assured in installations during the first and often decisive phase of fire, giving increased safety for personnel and equipment.

A wide range of the cables is available in flexible stranded or solid construction for various applications.

More data from Datwyler Ltd, PO Box 86, Altrincham, Cheshire (091941 1695), or any branch of Anixter.

QUALITY CONTROL

Easier to inspect

EVD Engineering has an improved version of its overlocking machine. The machine—EVD Model 611—can be used for inspecting discs, washers and other flat components where it is necessary to inspect both sides for surface defects.

A bulk loader and a vibrating trough feeder feeds components at a uniform rate to the inspection level. The feed trough distributes the parts evenly across a belt which moves slowly in front of the operator: as the belt passes, the inspector is able to examine one side of the part. On reaching the end of the belt, the components are then inverted and emerge on a lower belt where they are inspected by another inspector who is able to check the reverse side.

The two belts are driven by a variable speed electric motor, and it is possible to vary the belt speed range from 3 metres per minute to 15 metres per minute according to the output and the experience of the inspector. The belt is 300 mm wide and the cones are fed on to the belt in such a way that they are distributed across the width of the belt rather than lined up in the centre. The drives are geared, but the belts are fully visible to the inspectors. After traversing the belts the parts leave via a chute and are deposited onto a collection tray or another belt.

EVD Engineering, Cotswold Street, London SE27 0DP. 01-761 1211.

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MATERIALS

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The material is primarily intended for decorating walls, but may also be used for special effects in other areas such as floors and ceilings. It can be applied either in-situ or to fabricated panels for curtain wall construction. Called Chemex it may additionally be used to produce lightweight prefabricated panels for which wallboard, plywood or chipboard, etc. are used as a substrate.

Details can be obtained from Quantipass, Thorp Arch Trading Estate, Wetherby, West Yorkshire LS23 7BE 19637. 8433881.

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August, 1979

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FINANCIAL TIMES SURVEY

Wednesday September 19 1979

Greece

The signing in May of the Treaty of Accession to the EEC was a milestone in Greek history. Many of the scars of the military dictatorship which collapsed five years ago have now healed, but Greece still has some major problems, both economic and political, to solve before joining the Community in 1981.

Some clouds in the sky

By David Tonge

FIVE YEARS have now passed since the fall of the Colonels. The anxieties about their possible return have faded. Passions are cooling, even if the political polarisation of post-war Greece continues.

Few members of the Cabinet expect early elections, and few in the opposition believe that power will soon be theirs. The opportunities for the Government are thus great, but one question remains—whether those who have helped Greece achieve its present stability can also modernise its outdated structures.

The gains of the past few years are considerable. The armed forces—which under the military dictatorship had lost much of their military efficacy—have been restored as a fighting force. There are no doubts over their loyalty to the present Government, although there is still the problem of how they

would react to a more radical parliamentary situation.

The issue of the monarchy, which had divided Greece for half a century, has been settled, apparently once and for all. The more abstract but also divisive matter of what language should reign has also been solved: the artificial *katharevousa* (a complicated dialect created by grammarians in the 19th century) is being displaced by demotic Greek. Bloodshed has been avoided. Pluralism is now accepted in the political field, and the Communist Party of Greece is not only legal but the country's third largest party.

However, inevitably opponents of the Government have their complaints—that the education and health systems are archaic, that the state media are mere Government organs, that the armed forces still run national television, and radio networks, that the Government plays too active a role in directing union affairs, that the bureaucracy is a permanent millstone, and that legislation of change proceeds at a snail's pace.

There are also problems on the economic front. The cost of military expenditure, in particular for the Aegean arms race with Turkey, is high. Investment has been weak in recent years and inflation will above the average for members of the Organisation for Economic Co-operation and Development. But central planning has taken years to introduce and, at least until a serious effort was made last month, Government measures have been sufficiently piecemeal for some officials to

ask if a general economic policy really existed.

Around the Government has all but achieved one of its main priorities, accession to the EEC. The treaty covering this was signed in Athens in May and is to take effect on January 1, 1981. The Greek Government is now seeking its early ratification by member states. This is partly because it is anxious to ensure that its accession to the EEC is kept separate from its problems with NATO. Turkey is blocking Greece's return to the military wing of the alliance and demanding changes in military responsibility in the Aegean which are strongly resisted by the Greeks. But the Government is also keen to wrap up the question of accession, since the major opposition parties are both committed opponents of Greece becoming the 10th member of the Community. Mr. Andreas Papanicolaou, head of the socialist PASOK, says that if in power he would ask for a referendum on whether Greece should remain in the EEC. And in Greece voting in past referenda has usually been in line with the policies of the Government.

Clouds

For Mr. Constantine Karamanlis there are still some clouds in the sky. He has held the office of Prime Minister for more years than any other Greek since the modern state was hacked out of the body of Ottoman. He has led Greece through the transition from junta rule. He has achieved its accession to the EEC. These are facts which the historians will record—and Mr. Karamanlis undoubtedly has an eye on

his niche in history. None the less it is hard for him to step back.

He needs to ensure that the opposition will not unravel the knot he has tied with the EEC. He thus has to secure the viability of his party, the New Democracy. He has able lieutenants such as Mr. Evangelos Averof, the Minister of National Defence, and Mr. George Rallis, the Foreign Minister. Should he turn to these, his trusted mandarins from the past? Should he encourage the succession of younger blood? Or should he thrust forward Mr. Constantine Mitsotakis, the controversial liberal who is now Minister of Co-ordination? Then there is the matter of who will become President when Mr. Constantine Tsatsos completes his term in 1980. Although Mr. Tsatsos has been largely a figurehead the Presidency has great potential power. Should Mr. Karamanlis ask Parliament to elect him?

Such issues are grist to the mill of the newspapers and the cafes. The probability is that Mr. Karamanlis is deliberately keeping his options open. But the fact remains that with the opposition seeking to undo Greece's link with the EEC, and with problems with Turkey and NATO unresolved, the train of state has still to arrive at a station where the 72-year old Prime Minister can alight.

The background against which he is operating is slowly changing. Greece remains dominated by small production units, both in industry and agriculture. The family element is extremely strong. But modern capitalism is slowly spreading. There is a strong contrast be-

tween the extravagance and prosperity evident in the city centres and the economic problems of those elsewhere as inflation rises. There is also the problem of growing cities and emptying, aging villages. Emigration is not the safety valve—however unsatisfactory—that it was; on the contrary there is a net immigration. And these immigrants, the workers on the ships, the floods of tourists and the spread of television—all these are adding fuel to the expectation of and pressure for change.

In this context the prospect of accession to the EEC is also important. Members of the EEC Commission may say in private that the real debate on what the EEC means has yet to be held in Greece. Some Ministers criticise visitors who contrast West European and Greek practices, arguing that Greece's traditions are different from Europe's. But other Ministers welcome the fact that accession should help them overcome resistance to institutional change.

Obstacles

The obstacles to change are strong. The Greek Orthodox Church, though riven by scandal, it has a hold on everyday life which it is hard for the foreigner to appreciate. No one can be named, married, divorced or buried without the involvement of the Church. Indeed, in the case of divorce, the Church managed to block Government proposals for a divorce law for four years. Guardian of Greek culture during the centuries of Ottoman occupation, the Church now owns the equivalent of an esti-

mated fifth of property. And last Friday even many Greek communists took their basil plants to Church to be blessed.

A second force delaying change is the memory of the civil wars of the 1940s. Those were bitter years and the scars remain. The ultra-conservatives are strong, in particular in the armed forces and the police. Since the junta fell the purging of the security forces has been less than the opposition believed necessary. Those who were followed by the junta may find to-day that their card is still at all border points—though if they complain to top officials it will be removed. Anti-communism is strong. About 35,000 of the original 60,000 Greek communist refugees in eastern Europe have still to be allowed back to Greece. But even the Left will admit that their general situation is calmer.

And a third problem is the strength of Greek pressure groups at preventing erosion of their positions, and the deeply conservative nature and archaic practices of much of the state machinery.

None the less changes in the fabric are occurring. Not the least is the emergence of a new type of party, Mr. Papanicolaou's PASOK. In the past the dominant feature of the non-Marxist parties was their dependence on local personalities and their cultivation of "clients" among the electorate. PASOK, however, is much closer to a populist party. It draws its support from different classes, represents the small against the large and depends on a charismatic leader. Mr. Papanicolaou himself brooks no major disputing of his policies—which are a radical mixture of Mediterranean socialism and anti-imperialism.

In the 1977 elections PASOK nearly doubled its vote to 25 per cent and it has since done well in municipal elections. It believes its nationalism has won it support in the army, but it fears that should it come to power its anti-establishment stance might lead it to suffer an economic blockade—of the type used on Allende—its supporters say. It is not compromising on its policies, but shows increasing patience at the idea that it might not come to power in the near future. It is also opposed to any dependence on the support—ever passive—of the Communist Party of Greece (CPG).

This pro-Moscow party won 9.4 per cent of the vote in the last elections. It has avoided any compromise with the Communist Party of Greece (Interior), a Eurocommunist party which is small but active among intellectuals. Abroad the CPG is increasingly given the primacy. When Sig. Enrico Berlinguer visited Greece last month, it was Mr. Harilaos Florakis, First Secretary of the CPG, who took him round the Acropolis—and chided him for allowing members of the Communist Party of Italy to visit Greece to talk in favour of the EEC.

The growth of a movement such as PASOK and the ending of the monarchy as a factor dividing the establishment has left little room for the traditional Greek liberal parties. Under Mr. Ioannis Zgdis, the Union of Democratic Centre (EDXK) is fighting a battle for survival, while a few people express optimism about the prospects of Mr. Ioannis

BASIC STATISTICS

| | |
|-----------------|--------------------|
| Area | 50,944 sq miles |
| Population | 9.3m |
| GNP (1978) | Dr1,182bn |
| Per capita | Dr107,526 |
| Trade (1978) | |
| Imports | Dr280bn |
| Exports | Dr124bn |
| Imports from UK | £214m |
| Exports to UK | £108m |
| Currency | drachma £1=Dr32.78 |

Pesmazoglou's Party of Democratic Socialism (KODISO). On the far right Mr. Spiros Markezinis is the latest figure to try and outflank Mr. Karamanlis. There are still those nostalgic for the disciplined days of the dictatorship. A number of businessmen complain about the "social mania" of Mr. Karamanlis. But they form a small, ungainly and isolated group—with the election system meaning that they cost Mr. Karamanlis's party far more seats than they gain for themselves.

Such factors explain the Government's determination to wet their gunpowder. Mr. Rallis, for instance, has recently produced a long "Letter to the 'Conservatives'". Its philosophy squares well with that of a number of successful European conservative parties, as do the party's acts. Yet the paradox is that the New Democracy also aspires to be, as one Minister puts it, "radical, liberal and progressive." It is this side of the party which lost out to the conservative wing in the 1977 elections. But arguably it is required to come to the fore not just because of the EEC but because of the general need to open up Greek society.

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BALANCE SHEET AS AT 31.12.1978 (in million £)

| ASSETS | 1978 | 1977 | LIABILITIES | 1978 | 1977 |
|--------------------------------------|-------|-------|----------------------------|-----------|-------|
| Availabilities | 1,397 | 1,051 | Share Capital and Reserves | 172 | 165 |
| Loans and Advances | 2,903 | 2,385 | Provisions | 86 | 75 |
| Investments | 303 | 291 | Deposits | 4,175 | 3,312 |
| Other Accounts | 435 | 287 | Other Accounts | 605 | 462 |
| Contra Accounts | 1,195 | 917 | Contra Accounts | 1,195 | 917 |
| Total | 6,233 | 4,931 | Total | 6,233 | 4,931 |
| Gross Operating Revenue (in million) | | | 1978: 151 | 1977: 130 | |

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- Through 101 Labour Exchanges throughout the country, the MEO helps working people find suitable employment.
- Through 101 local offices, in conjunction with the Labour Exchanges, the MEO provides: Unemployment allowances; allowances to military reservists who are called up; family allowances and allowances to workers in cases of exceptional need.

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Some economic improvement

INFLATION AND the continuing stagnation in productive investment remain the chief problems of the authorities, yet the evidence of growing prosperity is unmistakable. The fumes and traffic jams in Athens bear witness to the way that the number of cars has doubled in the past four years. The apartment boom continues, changing the city's character. Clothes boutiques flourish, with the provision, too, of the latest 'continental' fashion. The bouzouki, those frenetic Greek night clubs, have been hit by the decrees that they must close by two in the morning. But still the extravagance continues, the latest stories being of clients who pour whisky on their jackets and, in the pursuit of pleasure, set fire to them.

But hand-in-hand with such conspicuous consumption in the "shop-window economy" are the far more frequent tales of battles for survival. While the city centres thrive the complaints in many suburbs are acute. Rents, despite Government attempts, have soared. Buses are packed and expensive. The 20 per cent rise in consumer prices expected this year is taking its toll. It has also fuelled the search for second jobs.

In Greece such contrasts reflect the way that the country has two separate economies. The first is that recorded by official figures and analysed by such bodies as the Organisation for Economic Co-operation and Development. The second is a parallel economy. Its moonlight nature means that it does not show up in the statistics. Part of it is parasitic—merchants who take advantage of the antiquated and inefficient Greek distribution system, of the absence of open competition in many sectors, of the room for speculation, particularly at times of inflation, and of the scope for disguising profits from the tax man.

Part of this economy is productive—small units which quickly respond to shortages in the market or produce consignments of goods for tourists and others which are scarcely declared to the authorities. There are also the private activities of doctors, architects, lawyers and other professionals which go unrecorded. But the total economic value of all this is a crucial factor. Professor Xenophon Zolotas, Governor of the Bank of Greece, conservatively estimates the parallel economy

as involving the equivalent of an additional 20 per cent of Greece's GNP. Mr. Constantine Mitsotakis, the Minister of Co-ordination, believes the figure is 25 per cent. Which ever the case the existence of a parallel economy on this scale makes attempts to introduce an incomes policy of limited value.

The authorities hope that the parasitic part of this will be curbed by the greater efficiency of the market expected after entry to the EEC. Greece's Treaty of Accession, still to be ratified by the member states, takes effect from January 1, 1981. The flexibility of the more productive side means that it may survive. But one aspect which will undoubtedly come more to the fore is the amount of the lower levels of the state machinery produce the permits and documents which regulate so many aspects of Greek life.

Ministers admit the existence of this problem, though they say it tends to be exaggerated. They also say that they are starting a major campaign to simplify bureaucratic procedures.

Changes

The changing economy of Greece now combines agriculture which is basically small-holder; industry where a relatively few medium-scale units exist side-by-side with a plethora of workshops; and a developed service economy on which the foreign account heavily depends. It also has to support massive military expenditure as a result of its fears of trouble with Turkey.

Between 1968 and 1973, the head years of the Greek "miracle," GNP grew at an average annual rate of 7.6 per cent. The oil crisis, the consequences of the Cyprus debacle and the problems of picking up the pieces after the junta collapsed in 1974 have led to recent growth being slower. In 1974 GNP fell by 3.8 per cent. In the following four years growth averaged 5.4 per cent. This year the OECD expects the rate to slip back to 3.5 per cent.

Much of this growth has been concentrated in Athens and Piraeus, where no less than one-third of the population already live. Regional policy is becoming a priority of the Government. Mr. Ioannis Palaecrassas, the Under-secretary at the Ministry of Co-ordination who is handling

regional development, says a law is under preparation aiming at the decentralisation of Government activities.

Such a background to the present plan explains why many economists fear that this Government has still to accept the idea of grading priorities more rigorously than at present. Certainly for the moment key Ministers make it clear that long-term structural change has had to take second place to the task of setting the economy on a healthy basis.

Particularly marked has been the problem of stimulating investment. A surge in public corporation investment and in housing led total fixed investment to grow by just over 5 per cent in 1978. However, manufacturing investment, after falling at an annual average rate of about 5.5 per cent between 1974 and 1977, remained at its depressed level in private investment. In particular, fell by 6 per cent. The problem is crucial. Access to the EEC will increase competition, yet in the years 1980-76 Greece only invested in manufacturing at one-third the rate—expressed in dollars per head—of Spain and Portugal and one-eighth the rate of the OECD as a whole.

The OECD last year concluded that "industrial capacity in Greece has not expanded at a rate normally expected in a developing country." Exports of technologically advanced manufactures per head of population are between one half and one third of the level in Portugal, Spain and Yugoslavia.

The reasons for the recent stagnation in investment are varied, with the uncertainty of post-junta and pre-EEC days frequently cited. But another problem is that so great are the profits to be had in real estate, housing, imports and tourism that funds have been diverted to these—even when nominally advanced for manufacturing purposes. Senior officials handily say they find it quite natural that people should not be interested in investing in stocks and shares. The result is that the service nature of the Greek economy is being emphasised—consequences they have since held it steady. The current account deficit has risen sharply this year. Greece can still borrow at prime international rates, although the OECD warns that the growth of foreign exchange deposits by Greeks abroad may continue to weaken.

attempted to curb inflation by tinkering with the anachronistic price-control mechanisms and by issuing two decrees limiting profit margins. These decrees soon proved disruptive and virtually unworkable. Its latest measures are more serious. There is to be a curb on fresh wage increases, and a tightening of long term monetary policy. As this year's OECD report says "employment (budget) deficits equivalent to over 5 per cent of GDP no doubt contribute to inflation." The International Monetary Fund had also urged restraint in budget spending. The August measures involve cutting this spending by the equivalent of almost one-quarter of the expected net borrowing requirement. Credit ceilings of 16 per cent above the level of one year earlier were introduced and interest rates raised.

Mr. Mitsotakis is the first to describe the present complicated system of interest rate subsidies as "antiquated." He says that a reform of the banking sector will occur next year. In Greece talks of change is usually slow to become reality. However, an interbank money market has been introduced, and Professor Zolotas says that a foreign exchange market in which the banks can deal will start by the end of the next year.

Change in the fiscal field is expected to be slower. The

present system has long been criticised by the OECD for its heavy reliance on indirect taxes—which account for three times as much revenue as direct taxes in Greece but less revenue than direct taxes in the OECD as a whole.

The relatively heavy incidence of indirect taxation in Greece on luxury items needs to be taken into account, but still the Greek system urgently needs revision in that it virtually exempts agricultural earnings, falls heavily on wage and salary earners and involves only spasmodic taxes on capital gains and capital transfers. Mr. Mitsotakis says that there will be no changes in the structure until a value added tax is introduced in the next two or three years. But he points out how tax avoidance—a massive problem—is being tackled, not least by a law which allows inspectors to assume that owners of cars and yachts have sufficient income to have bought them, and thus should be taxed on the basis of their tokens of wealth and not their declarations.

In the Greek context this has proved a major step. To some extent it is a step towards incorporating the parallel economy within the official one. But it is only a small part of the process of change which Greece has still to undertake but in which, as a result of the EEC, it is irrevocably set.

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Fears over NATO issue

TOO OFTEN in its history has the Aegean been a sea of conflict. When Agamemnon sailed to attack Troy he set a precedent which has been followed as recently as this century. Now arguments across the Aegean are again a threat, if not to peace at least to both the cohesion of NATO and the standing of the United States in one of its most dependable allies.

In May, Mr. Karamanlis set his signature to Greece's Treaty of Accession to the EEC. This marked the achievement of one of his most cherished foreign policy priorities. Shortly afterwards he focused his attention on Greece's other main issue with the West, its return to the military wing of NATO. He became, one is told, furious. Turkey's veto was preventing Greece's reintegration into the alliance from which it had withdrawn in the heat of the Cyprus debacle of 1974. The U.S., instead of smoothing the way for Greece, was giving Turkey emergency aid.

Since then Greek concern has grown. The prospects for reintegration have become more clouded. Athens, fearing its forces might have to serve under a Turkish commander, refused to take part in this autumn's NATO manoeuvres. Now NATO, too, is becoming increasingly anxious. It knows that few Greek governments are likely to be as favourably inclined to NATO as the present one. The U.S. also appreciates that if it cannot sign an agreement extending the life of its bases the day may come when the opposition, if it comes to power, will live up to its talk of expelling "the bases of death."

But progress has been non-existent. After developments in Iran, the U.S. is obviously chary about protecting its interests in Turkey. Greek officials now make it clear that they feel they are paying the price of all loyal friends of being "baited" for granted. The bitterness in the circles around Mr. Karamanlis is growing.

"Don't be surprised if one day he said 'enough is enough' and announced that Greece would leave the political wing of NATO too!" is the sort of statement one hears from traditional friends of the West. There is an element of dramatic overstatement in this, or so Western diplomats suggest. Even allowing for this, the mass anti-American demonstrations which were a feature of post-junta Athens have disappeared. But the articulated sense of

grievance from senior figures is new phenomenon. "We who supported friendship with the U.S. in the 1970s are in the same position as those who had supported Britain in the post-war period," one official says. The Aegean, in other words, is having the domestic consequences that Cyprus once had.

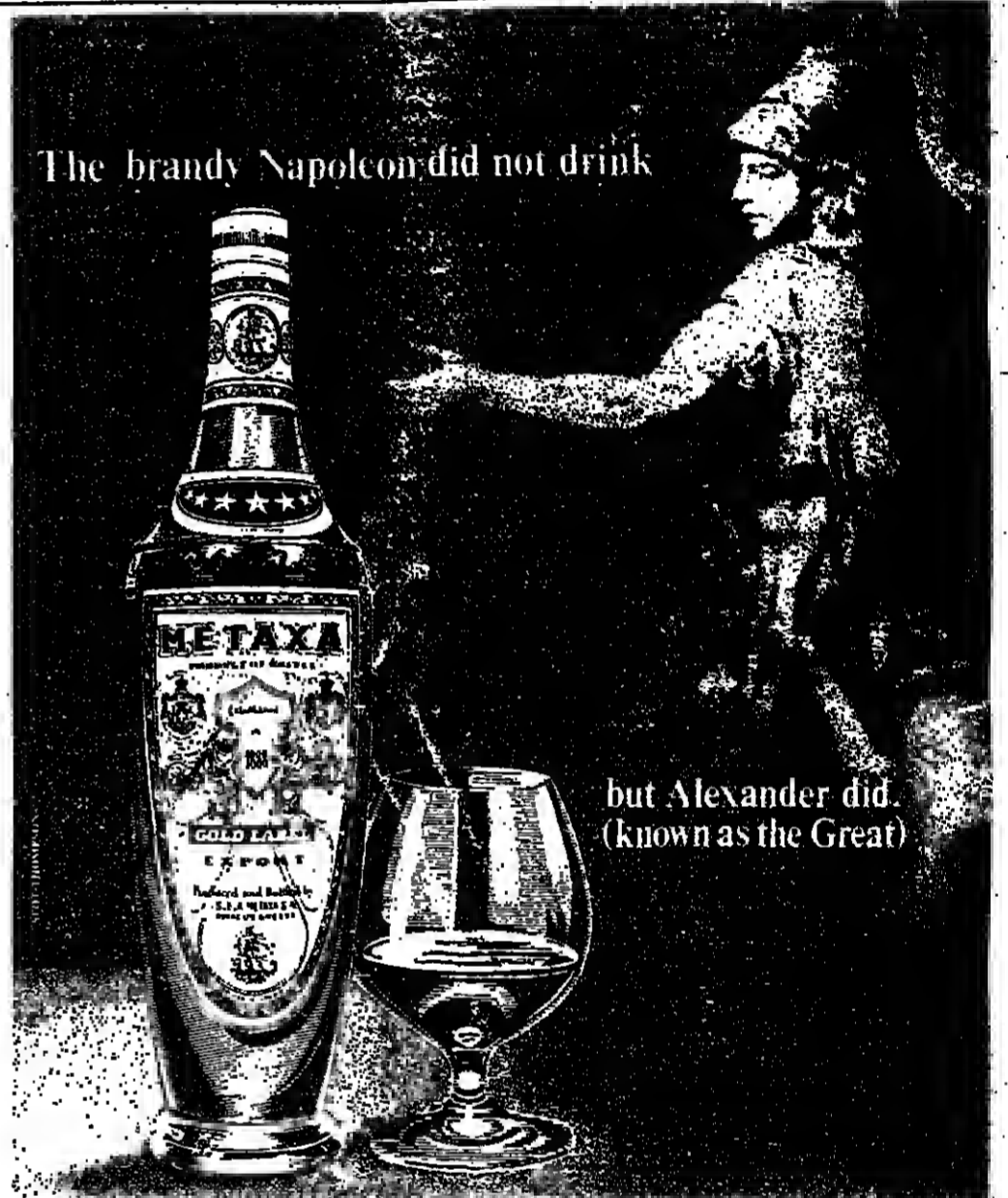
The Cyprus dispute remains as far from solution as ever, but the Greeks insist that it is the Cypriot government and not they who are responsible for handling it.

However, it is the Aegean which is the main concern for Athens. The Greeks' basic fear is that allowing any extension of Turkish sovereignty to the area between its outlying islands and the Greek mainland could lead first to the isolation of the islands and then their loss. Turkey is perceived as having various long-term hopes in this direction. Statements by various Turkish leaders are cited to back up this argument, as is the refusal of Mr. Suleyman Demirel, the former prime minister, to call the islands "Greek islands."

For its part, Turkey fears that the Greeks might seek to use the islands ringing its Western coast to block its access to international waters. It demands that the Aegean should be considered a special case when it comes to eliminating the continental shelf. And, the most burning issue of the moment, it is demanding a re-allocation of NATO naval and airforce responsibilities.

Turkey has long called for Greece to cease having exclusive naval defence responsibilities for the international waters in the Aegean. It is also insisting on a change in the way that in practice Greece was responsible for air defence in the Aegean. This has been the case since a Greek statement to NATO in 1964 that, following some Turkish violations of Greek airspace, they would assume responsibility. At the time the Turks neither opposed nor accepted this.

When Mr. Karamanlis announced Greece's withdrawal from NATO's military wing this brought a number of Greek units under Greek operational control. But those close to him say that the withdrawal was also necessary to assuage public opinion for the debacle on Cyprus—which was widely blamed on the U.S. and NATO. Withdrawal was seen as the best alternative to declaring war on Turkey. However, it also involved dealing Turkey a trump



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GREECE III

Labour problems are mounting

"AUGUST IS a month of holidays and calm. When in August too the pot of labour demands boils over with strikes and protest meetings, what will happen in the months to come?"

This question has been posed by the Greek Press as a result of the recent wave of strikes, in particular of bank and railway employees. But it is one which the government too is asking—and finding that it is obliged to accept that labour unrest will be one of the country's main problems this autumn.

During the 1967-74 dictatorship workers found that they shared little in the growth of the economy. The years since have seen substantial increases in wages which to some extent "reflected a belated catch-up on the earlier distortion," according to the OECD. But now the government's determination to restrain wage increases as part of its attack on inflation coincides with a spurt in inflation to an annual rate of more than 20 per cent.

The result has been a series of strikes throughout the economy. These have affected more workers than in previous years and have been of longer duration. The strikes rarely achieve their aims but the confrontation is becoming increasingly political. It is bringing openly into question the efficacy of the philosophy behind the government's handling of labour.

The government takes an active interest in the union movement, controlling its finances and playing a role in shaping its official leadership. It also takes a firm line in tackling individual strikes.

The legal constraints on striking are severe. Public utilities, for instance, are obliged to provide personnel to keep vital services working. But the range of other measures which strikers may face was revealed when the bank employees struck—less about wages than about a government decision, taken without consulting them, to alter their working hours.

In the first place the bank employees found the government involved the measure of sending strikes by conscripting workers. Secondly, they lost the right to have their employers, and not the government, automatically collect union dues; this right, important for the independence from the State of the labour movement, is sought by other Greek unions and the government had promised to extend it.

Finally, the bank employees found their strike declared

illegal by the courts and that they would be liable to pay damages to the banks for the losses they caused by further walkouts.

This general firm line is expected and welcomed by some employers but causes anxiety to others. The newly-formed Greek Personnel Management Association, which includes the personnel officers of a number of major companies, insists that training and understanding, not confrontation, are the best ways to solve labour problems. Others involved argue that this confrontation will make it impossible to develop moderate trade unionism and that in the EEC Greece will be less able to afford strikes if it wishes to compete. In other words, détente is preferred to cold war.

Pressures

But more important may be the pressures from outside. During the negotiations on Greece's accession to the EEC the issue of labour relations was little broached. But in private members of the Commission say that changes will have to come in Greece. Both the International Confederation of Free Trades Unions and the European Trades Union Confederation are disturbed by a number of issues raised by the handling of the bank strikes.

Further, the International Labour Organisation has long been pressing for Greek unions to be financially independent of the Government. It is reportedly angry at the abolition of the check-off system for bank employees, and at the conscription of bank workers. It is also pressing for implementation of the detailed report it gave last year which was strongly critical of the lack of control of health and safety conditions in Greece.

Last year one recommendation of the EEC was followed: that of forming a Council for Social and Economic Policy. This groups employers, unions, agricultural and professional organisations, and representatives of the State. But observers say that so far it has not been allowed to take off. The idea of a genuine tripartite mechanism for formulating policy for handling disputes is still alien. Equally, the ILO has described as "remarkable" that organised union activities within a factory are totally unknown and that there is an absence, in law and fact, of personnel delegates, works committees, and health and safety party committees.

In the 15 years to 1973, 800,000 Greeks, or one third of

the labour force, emigrated abroad. In recent years the migration flow has reversed. Despite fewer people leaving agriculture the labour force outside agriculture is growing at a faster rate—3 per cent annually compared with 2 per cent up to the early 1970s. The official figures show unemployment at 2.5 per cent though the OECD points out that this takes little account of the young unemployed and the basis for the figures is unscientific. It estimates actual unemployment as closer to twice the recorded figure. The real problem is not this unemployment but serious imbalances in the labour market. Underemployment exists in some rural areas, but there are acute labour shortages in several major industries which have imported workers from Pakistan, Egypt, Sudan and elsewhere.

Until 1974 output per worker grew on average at around 6.5 per cent annually—far more than real wages. Since then the situation has been reversed. It is a situation which worries employers, even if profit levels had been very high in the years up to 1973, according to the OECD.

The official working week is being reduced. Until 1975 it was 45 hours. Now it is 45 hours and on October 1 it will become 44 hours, then to be reduced in hourly steps to 42 hours by October, 1981. However, unions complain that overtime is often compulsory and there are few immediate prospects of the introduction of a general five-day week—which is declared government policy.

The union movement is so embroiled in its own internal battles that it has relatively little energy for fighting for such matters as hours of work and improved health conditions. These are particularly poor in the small enterprises which account for half the employment in industry.

The officially-blessed trades union confederation, GSEE (Greece's equivalent to the TUC) is undoubtedly the weakest in Western Europe.

However, efforts to rebuild the GSEE after the dictatorship fell have also been unsuccessful. It needs to incorporate the large number of workers represented by unions outside the official movement, to establish financial independence and to free itself from government control. But the legislation introduced by post-dictatorship governments has been described by one Greek labour historian as not merely deforming any re-organisation but preventing it.

The first post-junta Congress of the GSEE was held in April, 1978. It confirmed as head of the GSEE Mr. Nikolaos Papageorgiou, who had been appointed to the post by the first post-junta Government.

One of the main problems then was the number of unions which were excluded from the official union movement. Another was the fairness of the elections in the various unions and labour centres. These issues were still crucial when the second post-junta Congress of the GSEE was held last November.

The Congress had been brought forward from this spring, officially so that a strong GSEE leadership could handle the annual negotiations with the Government over the minimum wage. However, opponents of Mr. Papageorgiou's administration suggested that the real reason was to ensure his re-election before many of the delegates had to run the risk of themselves standing for re-election.

While a number of large unions were excluded from the Congress, officials appointed to head unions in the interim period after the fall of the junta were allowed to take part. Mr. Papageorgiou was convincingly re-elected.

In this situation the GSEE, while the official representative of the workers, often finds itself playing a lesser role in union activities than the union organisations supporting the opposition parties. The two main opposition political union organisations are PASKE, which supports PASOK and is strong among white-collar workers, and ESAX, which supports the Communist Party of Greece and is a leading force on the shop floor. A third organisation, AEM, supports the Communist Party of Greece (Interior).

It is a confused situation where party antagonisms often override workers' interests. But as long as the Government plays a forceful role in regulating the labour movement it is perhaps inevitable that workers will use, and be used by, the parties.

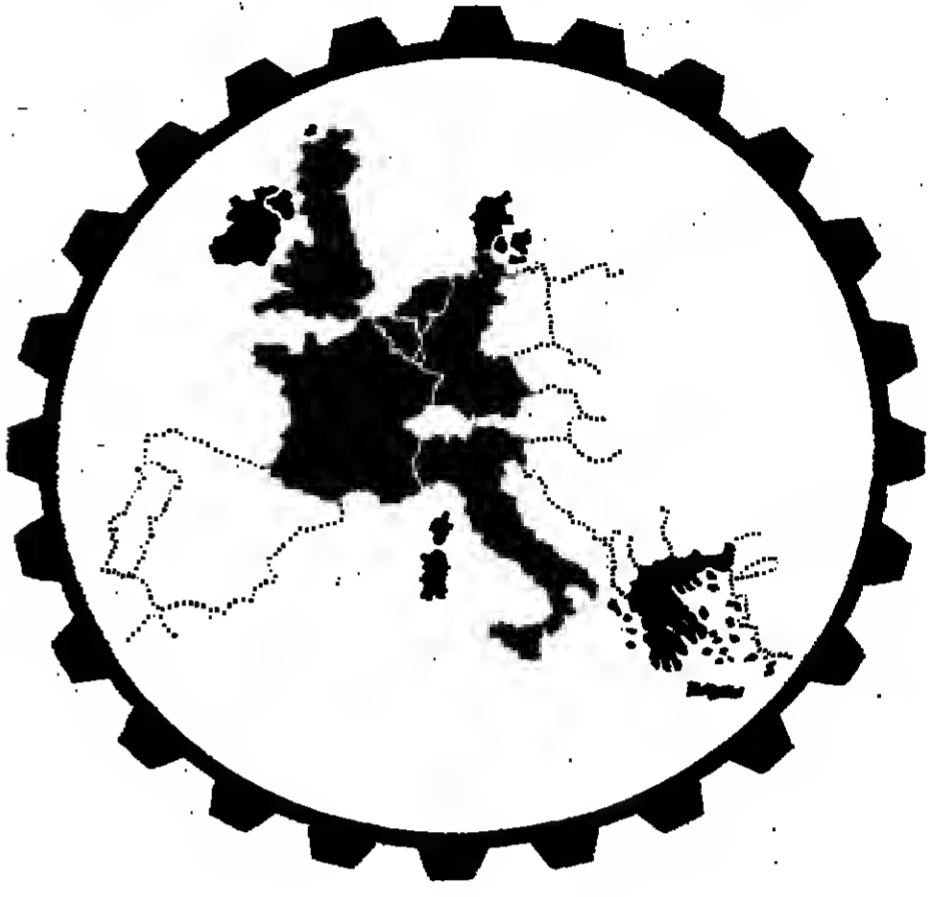
The slow trend from small to larger-scale industrial units has yet to change this situation. Instead, the old attitudes remain, as does the neglect of various potential reforms which might either help make industry operate more efficiently or contribute to consensus replacing confrontation.

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NATO

CONTINUED FROM PREVIOUS PAGE

card which it is now playing for all it is worth.

Ankara seems to believe that it will never again be presented with such a chance to improve its position. The prospects for Cyprus may be uncertain and domestic political developments disturbing, but there seems the determination to make the best of the Aegean. But here Greek public opinion is an important factor. The opposition, led by Mr. Andreas Papandreu, has long opposed even negotiations on the Aegean, arguing that these will involve bargaining away Greece's sovereign rights. Now Greece's far right is beginning to accuse Mr. Karamanlis of having gained nothing and risked national interests by the withdrawal.

Last year an agreement for a special relationship, reached between General Haig, from NATO and General Davos, Chief of the Greek General Staff, was accepted by all parties except Turkey. This year General Haig's personal initiatives to reach a solution have caused concern in Athens. For the sea the suggestion is that "task forces" should be used—groups of ships from different countries under the command of the senior officers. For the air, each country should control its national airspace and control over international airspace should be co-ordinated through NATO headquarters in Naples.

The Greeks argue that elsewhere other NATO countries have rejected the task force concept. They also point out the problem of co-ordinating air control when the Aegean has 2,316 columns of national airspace rising from the islands and when a plane flying from Bulgaria to Crete changes from national to international airspace or back every 2½ minutes.

To help reopen the Aegean airspace to civilian air traffic the last meeting between the secretaries-general of the Greek and Turkish foreign ministries saw the Greeks propose the exchange of information on all flights for information on all flights from Western Turkish airports. This proposal was rejected. However, one development at least is positive, that the two sides do continue to meet. Also both have long avoided what the other would consider provocation and they have recently signed a tourism agreement.

For NATO the next step is the

sending of experts to Greece to discuss the problems which the Greeks consider are raised by the Haig proposals. However, the Greeks also say that until the question of NATO is sorted out there can be no signing of the agreement on the U.S. bases installed in April 1976. They deny this is a threat but say that the bases are for NATO purposes and therefore their position in the military alliance must be clear.

It is a bitter situation for Mr. Karamanlis. Seeking to return to NATO before the conditions he had set were satisfied was, his followers say, the one time he has gone back on his word. He has had little understanding, he feels, and the Greeks are also disturbed at the way the U.S. seems to be fudging earlier commitments to preserve the balance in the Aegean. None the less his trip to Moscow due in October does not represent any exploration of a fresh alignment.

Greek ultraconservatives have tried to cloud the atmosphere for the trip, suggesting that the USSR is seeking port facilities in northern Greece and is pressing for Greece's total withdrawal from NATO. The authorities' reaction to the story was to sue the newspaper which printed it for spreading false news liable to cause anxiety. However, Greece has recently agreed to allow Soviet naval auxiliaries of up to 40,000 tons to refit on the island of Syros. On a lighter note Mr. Karamanlis also seems determined that the head of his political office, who 17 years ago was declared persona non grata by Moscow, should accompany him on his trip.

The visit follows Mr. Karamanlis' earlier attempts to bring detente to the Balkans. "The surprise would be if we did not go to Moscow," one Greek official says, pointing out that Greece is one of the few countries whose Prime Minister has never visited post-Tsarist Russia. Indeed, while Mr. Papandreu would seek a more non-aligned policy and hold a referendum on whether Greece should stay in the EEC, Mr. Karamanlis is still convinced that Greece's place is with the West. He has proved this by linking Greece with the Community. But he has yet to resolve the issue he created, that of NATO.

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GREECE V

Agriculture preparing for EEC membership

IT IS now clear that Greece will be entering the European Economic Community (EEC) in little more than a year from now, without having achieved in the meantime quite the degree of progress towards a general restructuring of agriculture that the planners had been hoping for.

None the less, there is a mood of mellow confidence that all will go well at least for the agricultural sector, with its future rather more assured than that of industry.

This is expressed in Government offices, can be sensed in the villages, and is reflected even in a recent OECD report on Greek agriculture, which after 90 pages devoted largely to reviewing the problems and listing the "ifs" concludes on page 91 with an expression of faith in the "dynamism" of Greek farmers.

In part, the confidence may be due to a tendency to equate Greek agriculture in terms both of structure and output, not so much with that of the more developed EEC partners as with such EEC "problem" regions as the Mezzogiorno, Languedoc and Corsica. Viewed through that prism, the prospect is somewhat rozier: an excessive proportion of labour involved in agriculture, low labour productivity, inadequate size of holdings and low incomes are common problems, not exclusively Greek ones.

In part, too, there is the consideration that the questions confronting Greek industry and handicrafts are far more threatening, since they will have to face direct competition from EEC giants in a way that agriculture will not. Greek Premier Constantine Karamanlis has warned the country's industrialists that they will have to sink or swim. The farmers have heard nothing like that about themselves.

To the contrary, they have been told they will be the principal beneficiaries of a flood of Community funds due to pour into Greece during and after the five-year transitional period. Going into the final round of accession negotiations in Brussels last spring, it suddenly emerged that Greece stood to make a net loss of \$8bn in the first year of EEC membership. This threatened a problem not just with the socialist and part of the Communist opposition in the Greek parliament—which was committed to opposing membership on doctrinaire grounds regardless of the terms obtained—but more importantly with the farmers.

The solution found was to make olive oil, figs, raisins and cotton eligible for EEC price support from the first year. This had the additional advantage of spreading the benefit over the widest possible area of Greek society: the olive is the country's one ubiquitous tree, common to mainland and islands, mountains, valleys and plains. Furthermore, it was agreed that the support for olive oil would apply to the crop of 1980—namely, the

one harvested before accession. The agreement on these agricultural products, described by EEC sources in Athens as the single most important concession made to Greece during the whole negotiations, transformed the projected first-year net loss into an estimated net gain of \$110m.

As a result, the net gains to Greece during the first five years of membership, while transitional arrangements remain in force, are now assessed at \$1.8bn, deriving from \$110m in 1981, \$240m in 1982, \$380m in 1983, \$270m in 1984 and \$600m in 1985.

According to this assessment, made by EEC Relations Minister George Kontogeorgis, "as things now stand" the net benefit from 1986 onwards will be in the region of \$67m a year. While the advantages will be distributed to all strata of the Greek people, Mr. Kontogeorgis says, "the farmers will gain most of all."

In these circumstances, it is hardly surprising that there has been no discernible opposition at all to EEC membership from the farming communities. Much publicised protest marches by producer groups, occasionally involving roadblocks and clashes with the gendarmes, have invariably been over what were considered insufficiently high support prices for specific crops, never over the principle of EEC entry.

It has been observed that Greek farmers—and indeed the Greeks as a whole—are not particularly well-informed on EEC issues. But the question, for farmers at least, is whether they need to be. Their interest lies in whether they will be able to sell their produce in future at prices as good as or better than those they receive now.

Complementary

This does not mean that the very real structural problems of Greek agriculture will not have to be tackled rather more effectively than has been the case up to now. As regards crops, even though Greek agricultural output is for the most part complementary to that of the EEC and the quantities concerned are minute in comparison, there will have to be some restructuring. Wine producers, for example, will have to switch from quantity to quality, if they are to stay afloat.

The OECD report warned that it would "be wrong to play down the extent of the adjustments to be made in the market organisation and pricing of agricultural produce once Greece is admitted as a member of the EEC." The Greeks do not dispute this, but take the view that it can be done gradually, under the stimulus of developing pressures and with the help of EEC funding.

A common observation in almost every survey ever made on Greek agriculture is that farm holdings are extraordinarily fragmented.

Statistics for 1977, the latest available, show that 3,099,000 hectares of cultivated land was split into 708,640 farms of an average size of 4.39 hectares. These holdings were further split into an average 7.33 plots of land, of an average size of 0.63 hectares.

The fragmentation of holdings that are small to begin with is due to a large extent to Greek inheritance law, which permits equal distribution of land property among all its owner's children, and to the custom of giving dowries of land to daughters on their marriage.

It is now more than a quarter of a century since a nationwide land consolidation programme was launched, with results admitted to be disappointing. "Even in cases where farmers agreed to surrender certain plots in exchange for others so as to consolidate their holdings, the laws of succession made sure that the holding was again fragmented as it was parcelled out to their offspring," the Government report said. "All that land consolidation has been able to achieve has been to stem the tide... in the land consolidation race, Greece has had to run fast in order to stay in the same place."

Except in cases of state-financed reclamation and irrigation schemes, consolidation is on a strictly voluntary basis. However, additional incentives have been introduced by legislation enacted during the past five years: consolidation procedures have been simplified, transfer-of-ownership tax is waived on sales of small plots, loans are available to full-time farmers wishing to buy land, there are provisions for the compulsory purchase of abandoned farmland, and new forms of land ownership have been introduced, such as the creation of joint stock corporations in which farmers can invest their land as equity—and then, it is hoped, bequeath shares instead of actual land to their heirs or marriageable daughters.

Land fragmentation naturally operates against mechanisation of production, and latest international comparisons put the number of tractors in Greece at 35.7 per 1,000 hectares and of combine harvesters at 3.2. Tractor figures for the EEC ranged from 64 for Italy to 280 for West Germany, and the combine harvester figure from 4.2 for Italy to 32.2 for Germany.

However, observers note, such statistics can give a misleading picture, since the kind of crops in which Greek farmers are being encouraged to specialise—for example, market garden produce and fruits—do not require the same degree of mechanisation as wheat, potatoes or sugarbeet grown on large European farms.

Irrigation is another problem, for all that approximately 900,000 hectares of land are now irrigated as against 600,000 in 1966 and 300,000 in 1955. The Government aims to continue extending the area under irrigation by between 40,000 and 500,000 hectares a year, until almost half the 3.4m hectares of arable land is covered. Since most of the easily tapped water resources which can supply small-scale and relatively low-cost projects are being used or have been exhausted, the further extension of irrigation necessarily implies large-scale government projects. State schemes now account for almost 28 per cent of the total irrigated area, as against 11 per cent in 1967.

pooling of essential equipment and the introduction of more modern techniques. The new possibilities given the co-operatives to engage in contract farming, as well as processing, is expected both to raise and stabilise the incomes of producers and also increase their bargaining power in relation to the 200 wholesalers who up to now have maintained a stranglehold over the antiquated Greek distribution system.

This, in turn, it is believed, should help to stem the drift to the urban centres that has left Greece with an ageing farm population and an actual shortage of hands in some areas at harvest time, and even encourage the return to the land of those disenchanted by city life—or eventually unemployed in the cities.

In this connection, a positive expression of the Government's concern to improve living conditions in the rural areas is provided by a special programme to develop small rural centres, now being put into effect. A pilot project in north east Greece covers 34 villages with a total 80,000 inhabitants, and includes individual housing schemes, improvement of the general infrastructure and construction of public buildings, sports grounds, youth centres and kindergartens. The second stage of the same programme will cover 21 villages with 42,000 inhabitants. After the results have been studied, the programme is due to be extended to other regions.

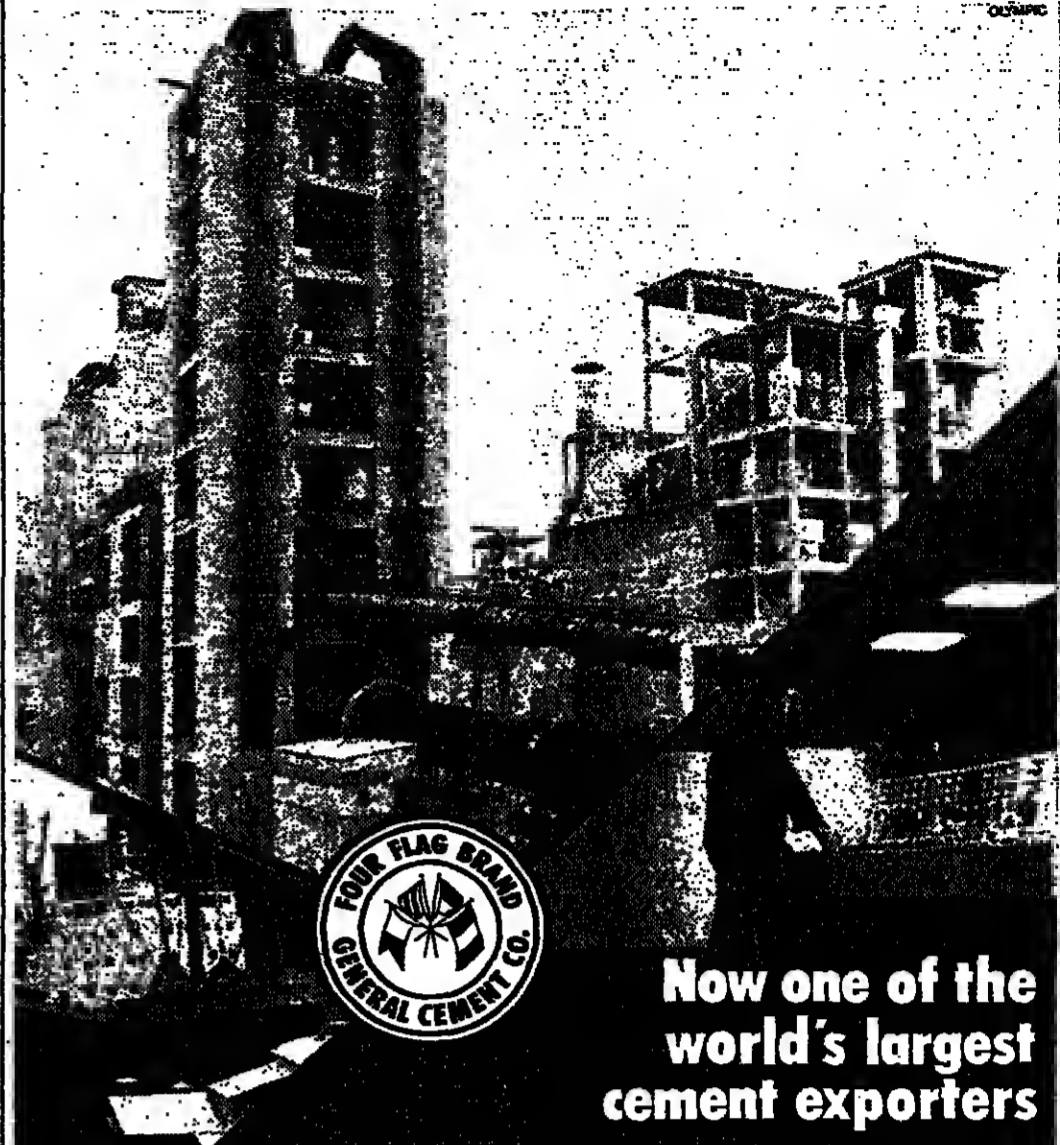
Like the Government—predictably, the opposition would say—PASAGES sees no insurmountable obstacles to the integration of Greek agriculture in the agriculture of the EEC as a whole. It views Greek and Community products as essentially complementary—an opinion endorsed also in the OECD report—with price difficulties or outlet problems expected only in a few specific cases, such as peaches, tomatoes, low-grade wines, concentrates and canned food.

The OECD report also ends on an optimistic note. Greece's accession to the EEC, it says, "will result in rapid adjustments in the agricultural sector as the country is gradually opened up to competition from the present nine members of the Community, and as more dependable outlets for Greek exports are created. Greek farmers have shown much dynamism in the production and marketing of various products, and are expected to respond to new opportunities offered to them."

Similarly, the Greek Government report concludes that "the existence of quite powerful tools in the hands of the Greek State allows the hope that programmes of switching to high-yield crops, consolidating and increasing farm size and in general improving both quality of produce and the marketing machinery will proceed rapidly and further improvements will be facilitated when Greece's agriculture is integrated into the European Community."

James Sherman

Stimulate
In addition to trying to encourage—but not compel—land consolidation, the Government is also tackling the agricultural problem through stimulation of the co-operative movement. At the beginning of 1978, Greece had 6,971 agricultural co-operatives, with a total membership of 688,900, of which just under 5,000 with a membership of 468,000 were multiple purpose village co-operatives set up to supply credit, provide various consumer goods and production inputs, operate small processing plants such as olive presses, engage to some extent in marketing, provide storage and undertake activities relating to the state price support policy.



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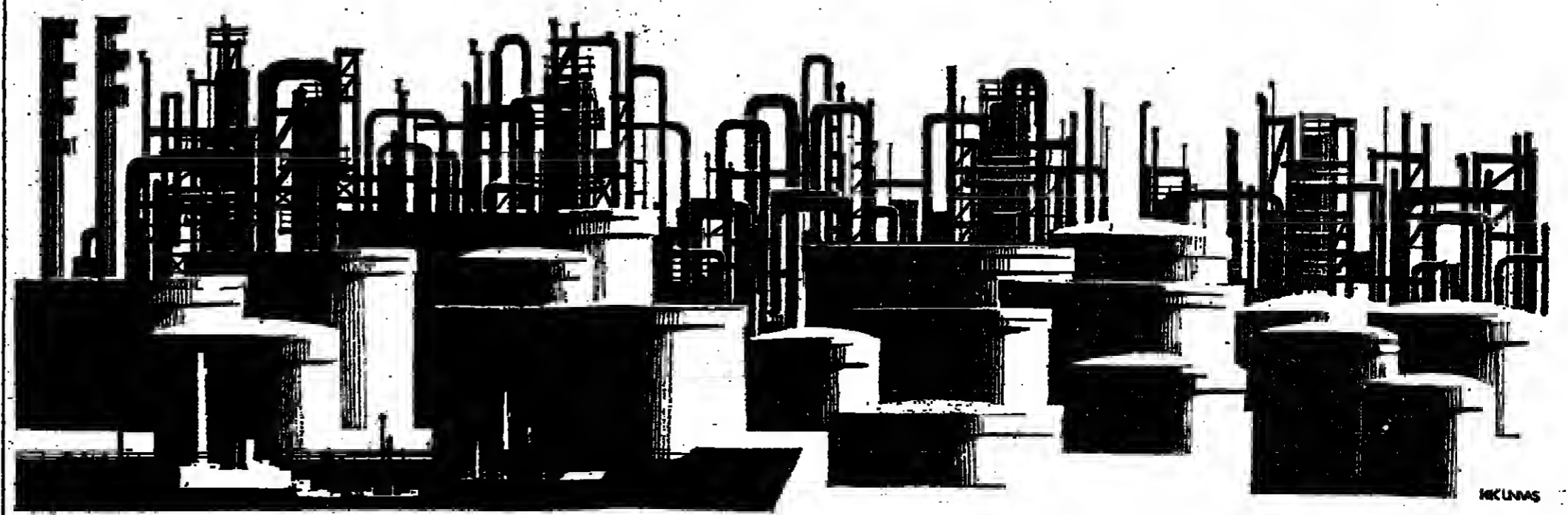
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GREECE VI

The North developing fast

A YOUNG gendarme in sbirt sleeves, with an automatic rifle propped ready for use and a dozen cigarette ends scattered around his feet, leans his elbows on the marble-topped wall skirting the entrance to Thessaloniki Museum, enjoying the autumn sunshine and discreetly ogling approaching women tourists.

symbolic of Thessaloniki itself and of the whole region of Northern Greece, which runs from the Albanian border in the west to the Turkish border in Thrace and taking in the long frontiers with Yugoslavia and Bulgaria. Wealth, actual or potential, and the need to be prepared to defend it has been a tradition in Macedonia and Thrace, as much since the re-incorporation of the area into Greece early in the present century as before the Golden Age of Athens.

life cannot be enjoyed in the meantime, or must be lived at too hurried a pace. A year ago, Thessaloniki was struck by a destructive earthquake. Another could come at any time. But no one will admit to worrying about that. If the question is raised by a stranger, it is dismissed with a shrug. "Why do you want to spoil a pleasant conversation — how about another coffee?"

In the past, the wealth of Macedonia lay in its gold and silver, from the mines that financed Alexander the Great and made Thucydides rich. Some of this gold, hammered into solid caskets for the washed bones of a king and his consort or worked with exquisite delicacy into seemingly fragile diadems of oak leaves and acorns or wild flowers, can be seen in the Vergina collection. Prof. Manolis Andronikos, the sparse, white-bearded, excitable archaeologist who discovered the royal tomb in the Vergina burial mound in 1977 and since then has been mulling away in search of more, says that until proved wrong he will continue

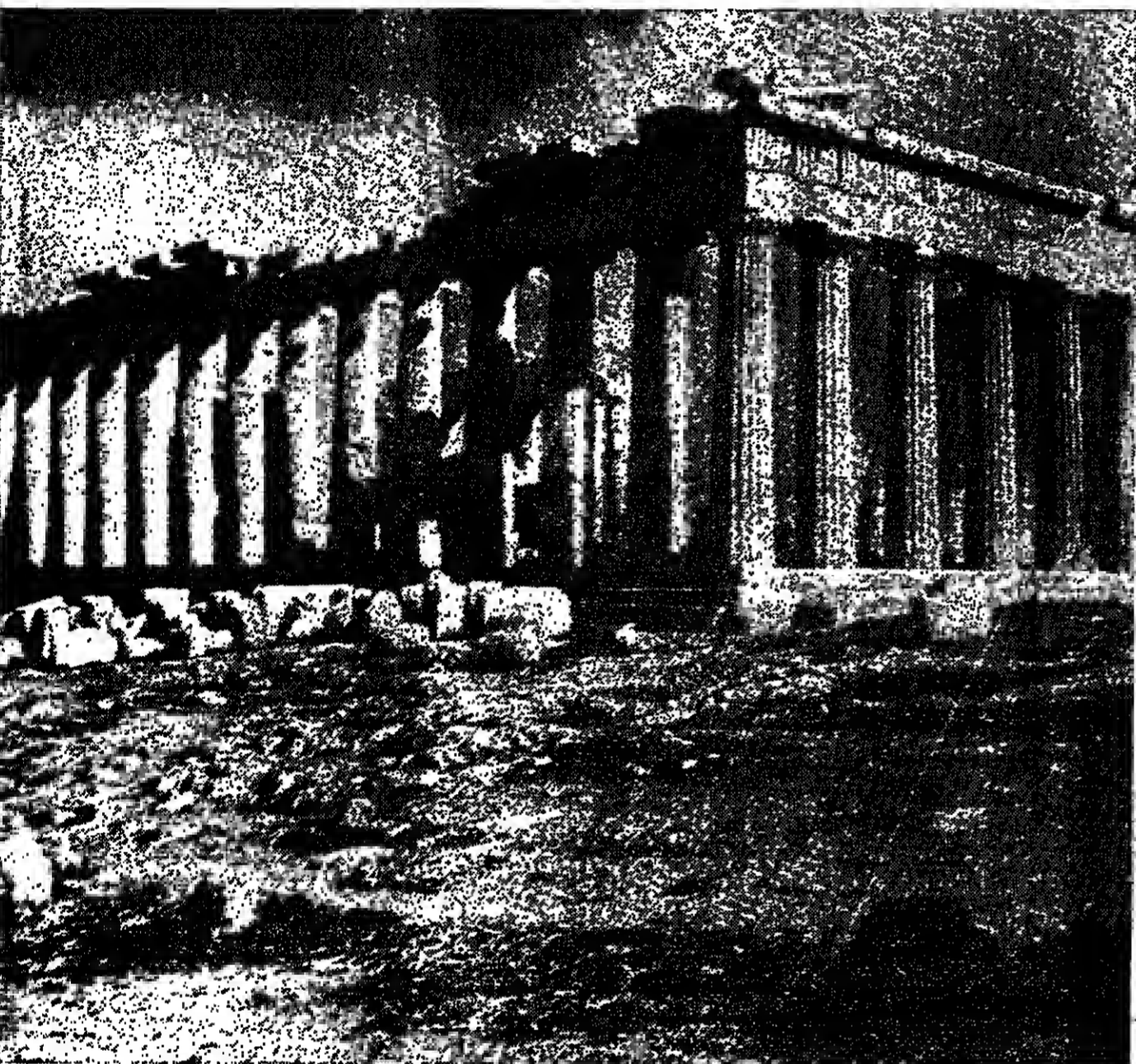
to believe that the larger and more elaborate of the two caskets on display contained the bones of King Philip of Macedon, father of Alexander the Great, and that the gold oak-leaf diadem, quiver and greaves and silver cups and serving vessels were his, too. But what draws the steady stream of tourists and school-children to see them is not so much the name-dropping as the intrinsic beauty of the treasures themselves, and the revelation of the wealth of Ancient Macedonia and the degree of perfection which the goldsmiths' and silversmiths' art had reached there more than two millennia ago. Certainly the Athens museum has nothing to equal them — not even the gold death masks from Mycenae.

The wealth of modern Macedonia is represented by its natural resources, including oil and uranium, its growing industrial base, the importance of Thessaloniki as a crossroads on international trade routes, and an agricultural development, founded on irrigation projects, that facilitates concentration on new crops offering the greatest promise of prosperity after Greece's forthcoming accession to the European Community.

Athens has no street to equal Thessaloniki's Tsimiski, a wide shopping boulevard where the trees grow so thickly that it is possible to walk from one end to the other without ever stepping into sunlight. Every day it is crowded with Yugoslavs on one-day shopping expeditions. Athens also offers nothing comparable to the host of pleasant restaurants on or back from the Thessaloniki seaside in avenue, where one can dally over lunch or dinner without risk of being harried by anxious waiters eager to seat the next clients. And the eating is better, too. An Athenian thinks himself fortunate if he can fight his way into a crowded bus at rush hours: the Thessalonikan expects to get a seat at once, and if he doesn't it's not so important, since he won't be caught up in a traffic jam.

In Thessaloniki, industry is tucked away outside the town, the air is clear, the sea doesn't stink, and everywhere there are trees and flowers. Thessaloniki has been growing, too — but less rapidly than Athens. Its population today, eight years after the last census, is put at somewhere between 600,000 and 650,000. It is beginning to attract people back from Athens, who return to work in the new industries after concluding that any sense of deprivation will be minimal and fleeting.

"Future ages will wonder at us, as the present age wonders at us now." Pericles, General of Athens 450 B.C.



National Tourist Organisation of Greece. Tel: 01-734 5997/8/9.

Belief The Minister for Northern Greece, Mr. Nikolaos Martis, a Macedonian himself like Premier Constantine Karamanlis, expresses the belief that Greece's economic centre of gravity is moving north. Certainly, he presides over Greece's fastest developing region, and the one that could benefit most from EEC admission.

The point has been reached, in fact, where the chief concern of Thessaloniki industrialists, merchants, planners and ordinary residents is that the growth should be kept within such bounds that the price of progress in terms of pollution, congestion and the stresses of daily life in an over-extended metropolis, should never even approach that already paid by Athens.

At the same time, as always, the region must look to its defences. Not so long ago, reference to "the threat from the north" meant Bulgaria, which today is among Greece's friendlier neighbours, even though President Todor Zhivkov tends to drag his feet on Mr. Karamanlis' pet project of multilateral co-operation as a logical extension of bilateral Balkan dealings.

The current threat is from the east. For if a Greek-Turkish war over the Aegean finally should prove inescapable, Thrace would probably become the first battleground. It is not by chance that the bulk of Greece's land forces are concentrated in Macedonia and Thrace. To complicate matters there is a 110,000-strong Moslem minority between Salonika and the Turkish border.

On some future date, a Balkan upheaval after the death of President Tito of Yugoslavia could switch the focus of threat back to where it was 30 years ago, when the beaten Communist guerrilla bands were straggling into Yugoslav sanctuary after the failure of their bid to drag Greece, too, behind the Iron Curtain.

And while Albania is a small country, small countries can be used by big ones. So that border, also, cannot be entirely neglected. Mr. Martis denies strenuously that anyone in Northern Greece feels endangered, and new industries being set up in the border regions are certainly indicative that investors do not. But the question really is not whether it is possible to defend the area, to which the answer is an unequivocal affirmative, but whether it may one day be necessary. The number of soldiers wandering the streets of Thessaloniki, enjoying leave from the front, is an ever-present reminder of that possibility.

Passions Perhaps because of the bloodshed in the north during the 1946-49 guerrilla war, passions tend to run deeper there than elsewhere in Greece, and conservative attitudes are more entrenched. If, in the 1974 referendum, ex-King Constantine had done as well in the rest of the country as he did in some of the northern constituencies, Greece would still be a monarchy today.

Eleven years before that, it was in Thessaloniki, that the Leftist deputy Christos Lambrakis was murdered by three-wheeled motorcycle, setting the country on course for the 1967 dictatorship. That murder is the basis for the film "Z." Walls around the Athens University and Polytechnic are plastered with Communist posters and daubed with slogans. The Salonikians have more respect for their city than to disfigure it in that way — or let it be disfigured. But near the terminus of the Apotheki bus there is one red-painted slogan that betrays curiously muddled thinking, as if the local Left still had difficulty with its dialectics: "No to Jewish capital! No to the EEC!"

The aim of Thessaloniki business spokesmen say, is to avoid becoming "like Athens."

Robust After all, the capital of Northern Greece has a cultural movement in spite of respect more robust than that of Athens. Its theatres are as good. It supports a symphony orchestra — something that Athens for the moment does not — as well as a State Theatre of Northern Greece that is the equivalent of the Athens National Theatre.

The Society of Macedonian Studies offers an indoor ball that will not be equalled in Athens until completion, three or four years from now, of the long-planned concert hall. The Dimitria Festival every October is the counterpart of the summer Athens Festival — while apart from that there is a growing tendency for visiting groups to play in Thessaloniki after their Athens performances, as the Old Vic/Theatre did with Hamlet last August.

Thessaloniki University was never considered inferior to that of Athens, and now academic life has been reinforced in the north by the University of Thrace, which distributes its facilities through the cities of the north-east corner of Greece.

The ambition of Thessaloniki is to be the pacesetter and beneficiary of development spread throughout the north, but never its vortex. For much of its history of well over 2,000 years, its role has been that of an international communications centre handling the commerce of the north. This is expected to be enhanced in the future, once three major projects are completed. These are:

• A branch of the Trans-European Motorway, to run from the Baltic to a number of Mediterranean cities, will end at Thessaloniki. From there, Greece will extend it through the mountains to the west coast port of Igoumenitsa, which already has ferry connections with Italian Adriatic ports. The result will be easier access to northern Greece for transit trade and tourists, as well as an

additional route for the movement of exports. • The Vardar River after winding through southern Yugoslavia flows into the Aegean, under its Greek name of Axios. A few kilometres west of Thessaloniki. With United Nations assistance, already provided for early planning, this river is to be made navigable and linked with the Morava River, which in turn will be connected to the Danube-Rhine system at Belgrade that leads to the North Sea at Rotterdam.

• A "Europort" is to be constructed at the Axios Delta, in the Aegean equivalent of Rotterdam, to handle the trade moved by river and provide a new focus for industrial activity, close to Thessaloniki yet far enough away to have no effect on the city's environment.

Even before then, Thessaloniki port is to be almost doubled in area, with construction of a container terminal and other piers that may eventually be used for roll-on roll-off ferry services, truck or rail, to serve Balkan and central European freight movement to the Middle East. At present, this traffic is routed through the east coast port of Volos. Thessaloniki officials believe the growth potential is such that there will be plenty to share between the two cities.

Northern Greece is the richest part of the country, in terms of minerals, some of them of particular interest to the EEC. Oil is due to begin flowing from the Thessaloniki undersea field early in 1981, uranium has been discovered near Drama and Serres, and the region also has lignite, bauxite, asbestos, sulphur, copper, magnesite, chrome, zinc and iron ore.

In broad terms, Northern Greece already accounts for a third of Greece's agricultural production and a quarter of its industrial output. Given the stimulus of EEC accession and the development of Balkan co-operation, both figures are confidently expected to go higher. Thessaloniki's industrial base owes much to the great boom

provided 20 years ago by the Greek-American entrepreneur Tom Pappas, who provided an oil refinery, petrochemicals industry and steel works. Hellenic Steel subsequently came under Japanese control, but since last year the majority interest has been held by Greek and European shareholders; it will thus count as a Greek industry after Greece's EEC accession.

This joint-venture tendency could spread as the date of accession approaches, involving other Balkan countries, too. For provided the majority ownership is Greek, such industries will enjoy unrestricted access to EEC markets.

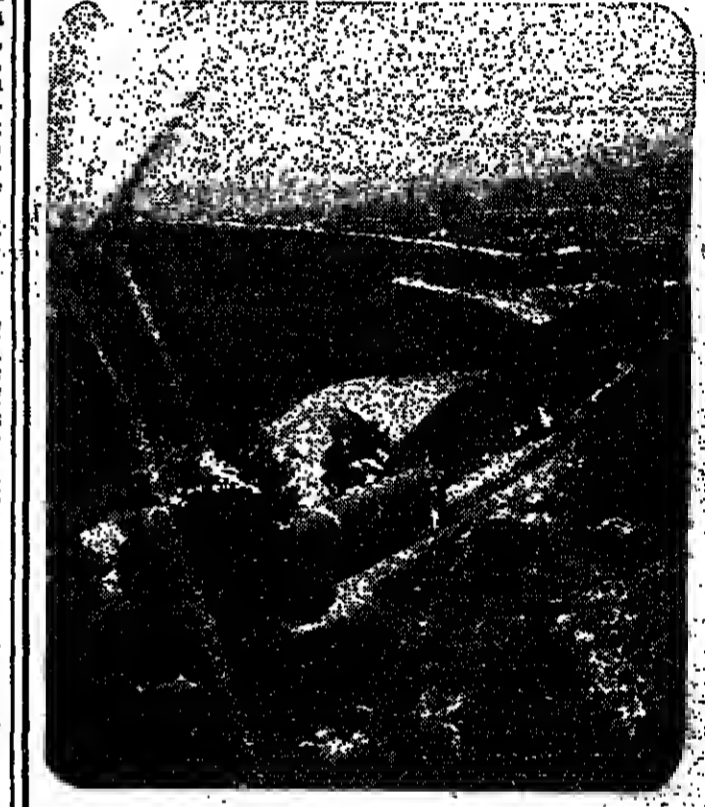
Agricultural developments in Northern Greece are described by Mr. Martis as "momentous" with irrigation permitting not only the doubling or tripling of yields but a switch to more profitable crops. In the 1950s, agriculture in northern Greece was largely a matter of wheat and tobacco; today, the area produces well over half the country's rice, peaches, apricots, sugar beet and apples.

In addition, it accounts for lower but still important percentages of the country's output of tomatoes, cotton, lemons, strawberries and olives, as well as the traditional wheat and tobacco.

Boom Tourism also is enjoying a boom in the north, based on the Halkidiki peninsula but increasingly extending to Kavala, Thassos and the coast alongside Mount Olympus — where the visitor in early spring can ski in the morning and swim in the afternoon. Other winter sports centres are planned for northern mountains.

As the rising cost of travel makes distance an increasingly important consideration in determining where to go for a holiday, Northern Greece could attract some of the tourists who at present go to Athens en route for Aegean islands.

James Sherman



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IONIAN & POPULAR BANK OF GREECE COMPARATIVE STATEMENT OF ACCOUNT 31.12.78 AND 30.6.79

| In 000,000 Drachmae | 30.6.79 | 31.12.78 | Share Capital | 30.6.79 | 31.12.78 |
|--|---------|----------|------------------|---------|----------|
| Cash deposits with local banks | 2,595 | 2,185 | Reserves | 1,204 | 602 |
| Foreign Banks | 2,266 | 1,154 | Provisions | 1,906 | 732 |
| Deposits with Bank of Greece | 2,300 | 1,468 | Deposits: | 415 | 486 |
| Interest-bearing Greek Treasury Bills | 11,178 | 10,593 | Demand Deposits | 5,531 | 4,823 |
| Loans and Advances | 25,404 | 26,052 | Savings Accounts | 25,569 | 23,386 |
| Securities | 1,505 | 1,717 | Time Deposits | 10,617 | 10,853 |
| Real Estate and Office equipment (less depreciation) | 765 | 756 | Sundry Accounts | 5,065 | 4,173 |
| Sundry Accounts | 994 | 1,130 | Contra Accounts | 50,307 | 45,055 |
| | 50,307 | 45,055 | | 32,399 | 28,057 |
| Contra Accounts | 32,399 | 28,057 | | 82,706 | 73,112 |
| | 32,399 | 28,057 | | | |
| | 82,706 | 73,112 | | | |

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امكانات السفر

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Mental health consultancy: the latest U.S. growth industry

By Frank Lipsius

COMPANIES RECRUIT workers... mental health of employees is no new problem... In-house... Over the last few years, more than 100 independent mental health agencies have been established in the U.S.

Nicholas Leslie on an entrepreneur who is using hamburgers as a means to an end Putting venture capitalists in touch

ONE DAY Lucius Cary may well be running his own engineering company... His luck was in. Two, stabs at advertising attracted a number of replies and eventually led to his being funded by a group of private individuals to the tune of £27,000.



Lucius Cary: "All I learnt from Harvard was that there wasn't anything to learn."

Back to 1971, after returning to the UK from Harvard, Cary had two major preoccupations... Negligible... To encourage family use of the EAP and reorientate the service from crisis-intervention to preventive medicine.

Each report carries around eight case studies, though the number is likely to increase in perhaps ten as the publication develops... One obvious question any financier will ask about Cary's operation concerns the quality of projects discussed, and thus the criteria he lays down for assessing the credibility of those people who want to get their ideas published.

For his partners in his restaurants are Edward Bygott, a solicitor, and Kenneth Simonds, chairman of the delightfully named Thunder Balloons company... With Venture Capital Report Cary is already able to point to success in securing funds.

For instant accommodation over 600sq. feet, you can forget Portable Cabins. Terrapin unit buildings... the high speed, low cost answer.

CASH IN ON THE HIGHLAND CONNECTION Over the next ten years the value of tourism in the Highlands is forecast to increase by 50%.

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FINANCIAL TIMES
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Telegrams: Finantime, London PSL. Telex: 595457L, 533397
Telephone: 01-245 8000

Wednesday September 19 1979

Not so bad as feared

THE £100m current account deficit for August announced yesterday would have seemed almost unbelievably bad to forecasters a year ago...

Export performance

But, now that Britain is approaching self-sufficiency in oil, the overall balance of trade is becoming less important than the movements in non-oil imports and exports...

...frenzy that seems to be gripping the gold and silver markets at the moment. But there are also indications that foreign investors are beginning to take a more realistic view of Britain's economic future...

...the future prosperity of the British economy depends as much on the ability of British manufacturers to compete in their home market as it does on their success as exporters...

Weeding-out

The temporary blessing of North Sea oil is making the British economy more dependent on trade than ever, because of the competitive pressures on both exporters and home manufacturers...

STRIKE INSURANCE

CBI's blueprint for bosses' solidarity

By JOHN ELLIOTT, Industrial Editor

LEADING MEMBERS of the Confederation of British Industry will this afternoon hear the details of a new type of insurance scheme...

The proposal, which will be explained to the CBI's monthly council meeting today by Sir Alex, is that companies would pay a premium into a scheme sponsored by the CBI...

Whether companies will want to become involved with such a potentially expensive and controversial form of insurance remains to be seen...

Engineering experience

The second idea to emerge is that the financial impact of strikes on companies should be reduced—an idea which has led to the strike insurance plan...

protect themselves against industrial action, and a few other arrangements are also run secretly by other industries...

Abroad Swedish employers have built up a £130m fund since the 1920s, while in Germany several millions of pounds have been paid out of engineering industry funds in recent years...

The CBI (which examined and dismissed suggestions for a scheme in 1972 and 1974) has rejected the idea of a straight compulsory fund like the EEF's in this country...

Provision for shutdown

It should also be remembered that some companies already budget in their annual financial plans for a possible shutdown, which may arise out of a particular labour issue...

Instead the CBI has plumped for an insurance scheme where each company could decide whether to enter and whether to cover all or just some of its subsidiaries...

In theory a company would be able to claim compensation when its finances (perhaps measured in terms of its cash flow or profits) were hit by industrial action...

Problems for underwriters

BY JOHN MOORE

THERE ARE formidable technical problems to overcome in setting up the CBI strike insurance scheme...

First, underwriters would be insuring a risk which could produce losses of catastrophic proportions, particularly during the winter months...

Five Lloyd's insurance brokers are involved in planning the project. They are Gault Armstrong and Kemble, C. T. Bowring, Willis Faber and Dumas, Sedgwick Forbes Bland Payne, and Hogg Robinson...



winter's road haulage stoppages which lost some companies several millions of pounds—ICI has said its first quarter's profits dropped £20m because of the dispute...

As far as strike insurance troubles is concerned, the primary question should be whether a company's overall results—including its labour relations—will be improved...

An even stronger line of opposition comes from companies proud of their attempts to encourage managerial responsibility. A scheme like this would be a financial subsidy for poor management...

The Russians' dilemma

DR. KISSINGER is fond of quoting Afghanistan as an instance of the West's failure to stand up against continuing Russian encroachment...

DR. KISSINGER is fond of quoting Afghanistan as an instance of the West's failure to stand up against continuing Russian encroachment...

cost and the physical difficulties of attempting to garrison a country as mountainous as Afghanistan, there are other problems...

The West will nonetheless have to consider how to respond to an increasing Russian presence in Afghanistan...

Brutality

Mr. Amin is a didactic Marxist with a record for brutality in government that must make him the most unpopular ruler the country has had this century...

They are unlikely to obtain a successor regime with sufficient independence of Russia to gain popular support...

Lessons To forestall such a turbulence to a state on their borders and one which has such obvious strategic significance in relation to the oil wealth of the Gulf...

It would have once been thought that a tough military regime could hold down a population by brute force...

Dr. Kissinger's response would be to warn the Russians away from further entrenching themselves in Afghanistan...

Despite its regrettable lack of instantly-recognisable cartoon characters, when Dalgety did respond with pictures of happy pigs it was on double page spreads...

MEN AND MATTERS

Mounting bill for Fred's spreads

Connoisseurs of takeover battles have been startled by the large amount of advertising space bought by Spillers and Dalgety...

Speculation is rampant about what Spillers and Dalgety are laying out in advertising. Dalgety's chairman David Donna, while refusing to name a figure, claims to have calculated he has spent only a third as much as Spillers...

When I tried to question Tony Spalding, the man in charge of Spiller's campaign, he was locked in last-minute discussions with the Takeover Panel...



"At least it should stop every Tom, Dick and Harry being born with a silver spoon in his mouth"

objectively their advertising has not been as effective as ours." With ITV off the air and any advertising space at a premium...

with the arms of Venda (an elephant's head), the document contains a mere four pages of numbers, barely 1,000 in all...

Absent comrade

The Labour Party seems to be digging in for a long battle with Dr. Zdenek Cernik, the Czechoslovak ambassador in London...

Dr. Cernik was told last week that his invitation to attend the forthcoming Labour Party conference has been withdrawn...

The delegation was to have been led by Joan Lester, chairman of the party's international committee...

The BL marque

The vicissitudes of BL, both before and after the arrival of chairman Michael Edwards, has scattered its former top men far and wide...

Hedging his bets

Asked if the harvest was good this year, my farming friend replied: "It'll be the usual agonising reap-appraisal."

For COMPANY INFORMATION the easy way. Includes a cartoon illustration of a man sitting at a desk with a computer monitor.

Ask Extel - the Experts.

- Star Extel Cards - immediately available information on some 3,300 Quoted and 2,400 Unquoted British Companies...
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Form for Extel services including Name, Position, Firm, etc., Address, and Telephone. Includes Extel logo and contact information for Extel Statistical Services Ltd.

Companies and Markets

UK COMPANY NEWS

R-R Motors midway profit down at £4.6m

REFLECTING a major downturn in the diesel engine division... Turnover of the diesel engine division was down from £21.33m to £18.58m and profit fell sharply from £1.79m to £328,000.



Mr. Ian Fraser, the chairman of Rolls Royce Motors seen with the Silver Shadow Mark II

The effect of the loss of the Iranian business on turnover and profit is significant, the directors add. In addition, the repercussive effects on the total diesel engine business will become increasingly apparent in the second half.

Total payment in 1978 was £2,294,779 when pre-tax profits were a record £14.63m. In July the company was informed that the British Government had decided to adopt the 1,500-hp version of the CV12 diesel engine for the new British main battle tank.

Table with 2 columns: 1978, 1977. Rows include Cars turnover, Diesel engines, Other products, Total turnover, etc.

Redland makes up lost ground

REDLAND IS recovering smartly from a poor start to the current year. Mr. Colin Corross, the chairman and chief executive, told yesterday's annual meeting that despite the bad winter profits before tax in the first half of the financial year would be about the same as in 1978.

which together have enabled the group to recover tax relating to earlier years. Preference dividends absorb £3,500 (same) and ordinary payments £90,681 (£86,935), leaving the retained balance up from £631,049 to £1,011,670.

Dividend lift at Ricardo Engineers

Announcing record profits for the year ended June 30, 1978, the directors of Ricardo Consulting Engineers are hoisting the dividend total from 2.9185p to 7p net per share with a 2.23p final.

Record year for Zetters

As expected, the Zetters pools and bingo groups, records record profits and an increased dividend for the year ended March 31, 1979. Pre-tax profits were up 32.9 per cent from £1.05m to £1.39m and the dividend is raised from 1.3p to 1.9p net per share.

Bank of Scotland ahead to £17.9m at halftime

For the six months ended August 31, 1979, profits tax of the Bank of Scotland amounted to £17.9m compared with an adjusted £16.9m in the same period last year, an increase of 9 per cent.

HIGHLIGHTS Yesterday was one of the most extraordinary days the bullion market has ever seen, and Lex explains why conditions have been ripe for a surge of interest in gold and silver bullion.

The comparable figures are adjusted following a change in accounting practices for 1978. Had unadjusted figures been used, the increase would have been in the order of 34 per cent, the directors say.

The high level of interest rates has been an adverse factor in the businesses of North West Securities and the British Linen Bank; the profit of the former was marginally better than in the corresponding period while the outcome in the British Linen Bank was a reduced profit.

Willis Faber £0.45m lower - sterling to dictate future

HIGHER EXPENSES and the strength of sterling weakened performance by Willis Faber, insurance broker, in the first half of 1979. Including a contribution from its insurance and underwriting agency Sovereign Marine and General Insurance Co., down from £250,000 to £20,000, group taxable profit slipped from £10.51m to £10.06m.

comment Adjusting for the effects of a strong pound, the underlying growth in Willis Faber's income is about 12 per cent rather than the actual 5.7 per cent increase. But the income figure includes underwriting revenue and interest income which did a little to offset some of the worst effects of the strong pound on the broking side.

Macarthy's

Macarthy's Pharmaceuticals rights issue of 2,630,539 new ordinary shares of 20p each at 115p per share have been accepted in respect of 2,469,171 shares (representing 93.95 per cent).

SCOTTISH AMERICAN

Scottish American Investment Company has negotiated a loan of £10m for five years from Morgan Guaranty Trust. So far £1m has been drawn down. The company has also repaid £2.5m of an existing loan.



Archaeopteryx

'The most flourishing or dominant species... yield the greatest number of varieties.' Charles Darwin, 'The Origin of Species', 1859

The birds we see today have come a long way from their primitive forebears. Motivated by changes in climate, habitat and diet, they have developed their present appearance and behaviour.

Man has shown himself just as capable of adapting himself to changing circumstance.

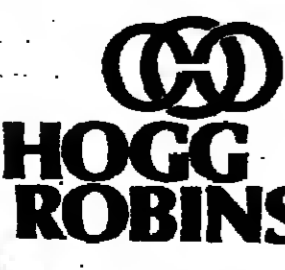
In the world of business, for example, his affairs have become increasingly complex and far-reaching, resulting in worldwide enterprise of almost inconceivable variety.

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At Hogg Robinson, we know that business and insurance must evolve together.

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Great Hornbill



King Penguin

First-half profit for Youghal

Results of Youghal Carpets (Holdings) for the half-year ended June 30, 1979, show that the profit before tax was £759,000, of which £278,000 was received by way of Government employment subsidy.

Turnover for the six months was up at £27.28m (£25.34m) including £2.43m (£1.73m) net retained premium plus investment income at Sovereign. The share of associates profit was

Increase for Rosedimond

Gross revenue of Rosedimond Investment Trust increased from £295,996 to £293,749 for the six months to July 31, 1979. After expenses and tax, the net figure was ahead from £126,478 to £149,989.

Net asset value per 25p capital share was 131p (122.2p at year-end). Owing to the further increase in U.S. interest rates, the board decided to liquidate the portfolio of U.S. entities and to repay the foreign currency loan.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Correc. of spooling, Total div. year, Total last year. Lists dividends for Anora, Bank of Scotland, Bannock, etc.

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Notice of Adjustment of Conversion Price NOTICE IS HEREBY GIVEN that the price for conversion of the above-mentioned Debentures into Common Stock of The LTV Corporation was adjusted as of April 1, 1979 from \$54.40 to \$25.54 per share of Common Stock.

September 19, 1979 THE LTV CORPORATION

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UK COMPANY NEWS

Royco profit surges to £2.5m at interim stage

TAXABLE PROFITS of Royco group surged to £2.5m in the first half of 1979, reflecting favourable market conditions for residential and commercial property sales.

Table with 2 columns: Item, 1978, 1979. Rows include Turnover, Property development, Land, Profit before tax, Tax, Net profit, Extraordinary credit, Amortisation, Interim dividend, Retained.

Mr. D. K. Wilmot, chairman, says current trading is satisfactory and the residential and commercial development programmes continue to progress well.

Airfix warns on first half

A WARNING of "disappointing" interim results was given by Mr. Ralph Ehrmann, chairman of Airfix Industries at yesterday's AGM.

He referred to the slackness of demand in the consumer market, reflected by various retail companies falling behind budgets.

Bodycote ahead £0.3m halfway

INCLUDING some two months' contribution from Blandburgh, its newly acquired engineering subsidiary, Bodycote International...

Corinthian rises to £251,000

A SUBSTANTIAL increase in profits of the banking and financial services division of Corinthian Holdings offset downturns in two other sectors in the first half of 1979.

Table with 2 columns: Item, 1978, 1979. Rows include Turnover, Profit, Bank and Finance, Retailing, etc.

Credito Italiano advertisement. Includes text: 'Branches and representative offices in 15 international financial centres...', 'a bank in any country', and 'Backed by a long standing tradition of world-wide banking...'

DIDIER-WERKE AG WIESBADEN, GERMANY (Refractories and Engineering)

The Annual General Meeting of DIDIER-WERKE AG was held in Wiesbaden on 11th July 1979, and the following are extracts from the speech of the Chairman...

Table with 2 columns: Item, 1978, 1979. Rows include Share Capital, Reserves, Fixed Assets, Participations, Net Profit, Turnover, Group Turnover, Personnel Cost, etc.

Redland advertisement. Features large text: '24 per cent compound growth in earnings per share over 10 years'. Includes a bar chart showing earnings per share from 1965 to 1978, and a photograph of a construction worker.

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AYRSHIRE, KA25 7BX
Let me have details on GARNOCK VALLEY

NAME: _____
POSITION: _____
COMPANY: _____
ADDRESS: _____

Kenneth Gooding reports from the Frankfurt International Motor Show

Car makers shift their attack

THERE WAS a certain air of defensiveness among the senior managers of the European automotive industry as they gathered for the warm-up to the Frankfurt International Motor Show which continued to attract record crowds this week. One after another they stood up to make essentially the same point: "don't blame the automobile industry for the oil crisis. People need cars and trucks, and they are here to stay."

The speeches were just one indication of how the industry's preoccupation has shifted from the safety and environmental aspects of its products to energy saving.

Demand shift

Ford's estimate is that next year there will be a two to three per cent fall in sales of new big cars in Europe. The prediction is that previous big car buyers will transfer to medium-sized vehicles while some who would have bought mid-range cars will take small ones instead. Ford plans to cut production of its big Granada at the Cologne plant in West Germany by around 50,000 a year and replace them with the smaller Fiesta.

The change is significant because even Ford cannot make as much profit on a Fiesta as on a Granada, though there is no doubt that the group is mighty glad it invested in Fiesta after the 1974 oil crisis. The Fiesta is already made at Saarlouis in Germany, Valencia in Spain and Dagenham in the UK but has been in very short supply for some time, partly because of the generally high demand for small cars and partly because of production problems. Even with the extra units from Cologne the shortages are likely to persist.

There was one discordant note at Frankfurt. It concerned the question of whether the diesel-engined car represented a good way to preserve oil resources. Dr. Zahn went so far as to declare: "We regard it as the diesel engine as the most efficient of all the currently conceivable alternatives for saving energy in motor vehicle manufacture." And Sig. Vittorio Ghidella, Fiat Automobile's chairman, maintained the diesel engine was "one solution to the fuel consumption problem."

Both D-B and Fiat have considerable investment in the development of small diesels for cars. Ford's view, however, as outlined by Mr. Robert Lutz, Ford of Europe chairman, is that "diesel is not as economical as it seems."

You need more crude oil to refine one litre of diesel fuel than one litre of petrol. The success of diesel is due solely to fiscal legislation," he said. Nevertheless, Ford seems to believe that European legislation will continue to favour diesel fuel and so it has pulled forward its own car diesel engine programme—a decision which brought sighs of relief from many Ford of Europe executives.

The industry spokesmen at Frankfurt were still hesitant about predicting short-term car demand. They were particularly influenced by the apparent weakness in orders for German cars—down 14 per cent in the past three months. But the Frankfurt Show, and the 30 or so new European models presented to tempt the buyers, should help demand pick up again. And so would a German Government statement to the effect that speed limits on the autobahns will not be introduced—an announcement some executives confidently expect.

Ford of Europe is expecting the major Continental markets to take slightly fewer than 10m new cars in 1980 compared with 10.3m this year. Herr Toni Schmuesser, chairman of VAG, the Volkswagen-Audi group, also suggested that demand in Europe's major markets would be "roughly at the 1979 level" next year.

that the emphasis among the car groups has shifted from consideration of new capacity to developing new models. Mr. Walter Hayes, a Ford of Europe director, summed up the view when he said: "Better to have models that everyone wants and are in short supply than capacity you can't use."

The new cars for the 1980s will, by all accounts, be safer, lighter and extremely fuel-efficient and will make the cars of today seem very outdated. But the cost of bringing them to the market place quickly is the more daunting even for the more profitable companies.

Daimler-Benz is spending about DM4bn (£1bn) by 1983 for its new small Mercedes (admittedly that includes the cost of switching van production from Bremen to another plant), while Ford will spend DM10bn (£2.5bn) on new and improved car, engine and truck development between 1979 and 1985. This would not include any provision for new manufacturing capacity which would need further "substantial" sums.

Fiat plans to spend around \$900m on renewing its car range over the next five years. These figures illustrate the size of BL's problem and might be used, when it asks the UK Government (or some other sources) for more cash. The moves being contemplated by other European groups suggest that the group was right to bring forward its model development programme.

Joint ventures

Among the deals already announced are:

- BL is to develop a new mid-range car with Honda of Japan and has been having talks about specific components with both Volkswagen and Renault.
- SAAB of Sweden and Lancia, Fiat's up-market car subsidiary, are to produce a pool of common components for new models.
- ALFA Romeo's president Sig. Ettore Massacesi said at Frankfurt that the State-owned Italian group's future would involve co-operative deals with other manufacturers on marketing, design and production.
- FORD of Europe's Mr. Lutz said the group would consider joint projects with other European companies rather than with its parent in the U.S. if

that would lead to beneficial economies of scale. The European concerns, however, are viewing the North American groups, Ford and General Motors, with growing suspicion now that they are rapidly moving towards production of "world cars." These will be assembled in all major markets from components made around the world. Sig. Ghidella of Fiat voiced the general view: "In the long run I am more worried about the North American companies than the Japanese. One day they will have rationalised world-wide component production and it will all be put under the control of the mother country. That will represent a real problem for Europe."

Fiat is reacting by getting together its own "world component supply system," he revealed. This has been made possible because the car business which had been part of the Fiat holding company, became an independent corporate entity at the beginning of 1978 as the last stages of Fiat's restructuring were finalised. Fiat has also completed an accord with SEAT in Spain. So it can fit production centres in those countries into the world-wide pattern with its Italian and Latin American plants. The idea is for Fiat to become a "world car" maker in the 1980s.

The European industry's need to keep pace with its American and Japanese rivals leaves little room for it to mop up its unemployed. As Renault's M. Vernier-Palitez put it: "We can expect only a 2 to 3 per cent annual growth rate in European car markets. We need to compete with the U.S. and Japanese and this rate of growth does not lead to the creation of new jobs. We must increase productivity."

Fiat, which is equipping itself with flexible automatic production plants like the Robogate which welds the bodyshell of the Ritmo/Strade, presented the same idea in positive form: "We cannot expect in future to be able to attract young people to work on car assembly lines," said Sig. Ghidella.

And it was Sig. Ghidella who took up another point which came through clearly at Frankfurt—European motorists in the 1980s must expect to pay much more in real terms for their personal transport. "Cars will be more reliable, need less servicing, use less fuel and last longer. But they will include many more sophisticated gadgets and so they will cost more," he said.



Man has always been fascinated by property.

From time immemorial people have been intrigued by property. They've worked for it, fought, married and even gambled for it. Most of us work in factories or offices. The goods we use are produced, stored and sold in 'property.' Billions of pounds are invested in it. It's so taken for granted that it's easy to forget what a fundamental part of our lives it really is.

The most important aspect of property that people are personally involved in is, of course, their home. Whilst the single most important reason for choosing a

particular home is usually convenience, there is for most of us the desire to own something splendid in the country-house, cottage or even folly. The combination of both is possible for a few. Hampshire is a fine example of this. But equally appealing houses and cottages are to be found in other counties at prices which are substantially less; Dorset and East Anglia are two good examples.

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NORTH AMERICAN NEWS

Oil giants try to stall Belridge sale

BY DAVID LASCELLES IN NEW YORK

Mobil and Texaco, the two oil giants who are fighting to preserve their interest in Belridge, a little-known but potentially oil-rich Californian company, yesterday made a fresh proposal to Belridge, apparently aimed at stalling its plan to sell out.

The two companies also said they had filed a form 13-D with the Securities and Exchange Commission disclosing that they had struck agreements with some of the companies bidding for Belridge which would enable Mobil and Texaco to retain their interests in the company if those bidders were successful.

Yesterday that it had received "a number of proposals" by Monday's deadline. The company will now examine these and make an early announcement. There was no immediate reaction yesterday from either Belridge or Morgan Stanley, its investment bankers, to the Mobil-Texaco initiative. Nor were any further details, available such as the price per share at which Mobil and Texaco proposed to increase their stake in the company.

Mobil and Texaco have owned their interest in Belridge, a closely held concern, since 1931. However, the company's potential worth has only recently begun to emerge with the development of technology to extract its reserves from difficult and unusual geological formations. The proposal to exempt Belridge's heavy-type crude from U.S. oil price controls has also added to its worth. There is speculation in Wall Street that the company may well sell for over \$2bn, making it potentially the largest sale in U.S. history.

IBM stake in Universal Pioneer

TOKYO — Pioneer Electronic Corporation, Japan's largest manufacturer of audio equipment, has agreed to MCA of the U.S., transferring its 50 per cent stake of Universal Pioneer Corporation to Disco Vision Associates, a recently formed 50-50 joint venture between MCA and International Business Machines.

Universal Pioneer was established in 1975 jointly by Pioneer and MCA to develop, manufacture and market optical video disc players.

Disco Vision is designed to sell optical video disc players. The stock MCA is transferring is valued at ¥1.35bn (\$6m). Agencies

A T and T plea rejected

WASHINGTON — The Federal Communications Commission has rejected a request by American Telephone and Telegraph Corporation to increase its rate of return to 10.38 per cent from the current 9.5 to 10 per cent on an interim basis.

Longer term, ATT said it wanted approval to increase its rate of return to 11 or 12 per cent.

The agency said it planned to hold a hearing to determine what a proper rate of return should be for the company, adding that it intended to examine whether AT and T had violated the 10 per cent ceiling. Reuter

General Tire severs SA link

BY JIM JONES IN JOHANNESBURG

GENERAL TIRE and Rubber, of the U.S., has sold its interest in General Tire and Rubber (South Africa) for R4.4m (\$85m). The move was forced by political considerations, the U.S. parent said last night in Akron.

The holding has been sold to E. W. Farris, a subsidiary of the motor distributors, Williams, Ruot, which itself holds an equal share in General Tire (South Africa). The shares sold are equivalent to 16.9 per cent of the capital but carry 26.4 per cent of the voting rights.

As a result of the sale, Williams, Ruot will control 55 per cent of the voting shares and 12.6 per cent of the non-voting, equivalent to an overall 39.8 per cent interest in General Tire (South Africa). The announcement gives no details of General Tire's present net worth. But the R10.88 per share sale price is only 10 cents above the December 31, 1978 stated net worth of R10.58 — a figure calculated on assets last valued in 1974.

In 1978, Control Data earned \$94.5m, or \$4.88 before a tax credit. Final net was \$89.5m, or \$5.17 a share. Revenue totalled \$1.87bn. Computer business is enjoying the benefits of a good year throughout the industry, said Mr. Rogers. Peripheral products include such computer-related devices as memory discs and tape.

Earnings outlook good at Control Data

MINNEAPOLIS — Control Data Corporation's 1979 earnings outlook "continues good, particularly in the computer segment of our business," said Mr. Marvin G. Rogers, senior vice president of finance.

Control Data's financial operations will register an earnings gain in 1979, "but on a more modest scale than our computer business," Mr. Rogers would not comment on some analysts' forecasts that the company's income before extraordinary credits could increase about 40 per cent to \$6.85 a share in 1979.

In the six months ended June 30, Control Data reported income from continuing operations of \$69.9m, or \$3.47 a share, up from \$40.8m, or \$2.35 a share, earlier. Tax credits from foreign subsidiaries brought final net income to \$82.6m, or \$3.63 up from \$41.2m, or \$2.38. Revenue rose to \$1.03bn from \$849.5m.

European Investment Bank advertisement. Features \$100,000,000 10.125% Notes Due September 15, 1987 and \$100,000,000 10.15% Bonds Due September 15, 1999. Lists various financial institutions like Lehman Brothers, Merrill Lynch, etc.

Income falls at Trans World

By Our Financial Staff

TRANS WORLD Corporation, the parent of Trans World Airlines, has reported a 44.1 per cent drop in earnings for the two months ended August 31 to \$34.7m.

The group said it had taken the unusual step of releasing results for a two month period because it was filing amended registration statements with the Securities and Exchange Commission relating to its acquisition of Century 21 Real Estate Corporation and a proposed public offering of subordinated debentures and warrants.

The drop in earnings came at a time when operating revenue is rising rapidly. In the two months to August 31, revenue rose 21 per cent to \$484.6m. Expenses on the other hand are rising even faster, jumping from \$636.4m a year ago to \$868.3m in the latest period.

The short quarter's results take net earnings for the year so far to \$45.7m against last year's \$74.2m and total revenue to \$2.85bn compared with \$2.43bn. Expenses for the eight months amount to \$2.79bn, almost 19 per cent ahead of the figure for the same period last year.

The company did not give a detailed breakdown of the reasons for the shortfall in profits for the period but, at the halfway mark, they indicated that surging fuel costs were a major contributing factor.

Beech sees higher sales

By Our Financial Staff

WICHITA — Beech Aircraft Corporation said that it expects sales of \$680m-\$700m in fiscal 1980, up from the estimated \$600m in the year ending this month.

Mr. C. W. Dieker, secretary-treasurer, also said that Beech is projecting its September 30 backlog at more than \$1bn against \$749m a year earlier. Reuter

Investment plans steer Ampex towards Euroloan

BY TERRY BYLAND

AMPEX CORPORATION, a major manufacturer of magnetic recording apparatus and other memory technological products, plans capital expenditure of \$70m over the next three years and may consider a Euroloan financing in about 18 months, according to Mr. Vincent F. Titolo, vice president and treasurer. Mr. Vincent Hausman, president and chief executive, added that institutional investors in London yesterday as part of a company tour of the European investment centres.

At present, the group has a \$60m revolving credit agreement with six banks, a \$30m ten-year term loan and \$60m of debentures. Mr. Hausman said the group was considering building manufacturing capacity in Europe, possibly in the UK or Ireland. Such a development would involve capital expenditure of around \$40m to \$60m and would aim at sustaining sales of about \$30m annually in EEC markets. Ampex's only European manufacturing capacity is at present in Belgium — except for a small plant in Reading, UK.

He stressed the potential development for world markets for magnetic tape, at present worth some \$1.5bn. Manufacture of these tapes is capital intensive, and will become more so as automated production techniques are applied. Ampex, which in 1978-79, pushed earnings ahead from \$28.5m pre-tax to \$33.2m, on sales of \$372.4m against \$315.7m, makes video and audio equipment (63 per cent of profits), data and memory products (26 per cent) and magnetic tape products (12 per cent). Nearly a half of group sales are now made outside the U.S. and half the 12,000 employees are also outside the U.S.

Brascan lays off half of its Toronto HQ staff

BY ROBERT GIBBENS IN MONTREAL

BRASCAN, the Canadian holding company now controlled by the Peter and Edward Bronfman interests with the Patino family as minority partners, has laid off half its headquarters staff in Toronto.

The move follows a senior management shake-up in which Mr. J. Trevor Eytton becomes president and chief executive. Mr. Eytton was a key Bronfman strategist in this summer's bitter takeover fight for control of Brascan, which in turn controls major companies in consumer products, financial services and resources in Canada.

Mr. E. C. Freeman-Attwood, who had been confirmed as president at the early autumn annual meeting, has been appointed executive vice-president overseeing the company's Latin America investments. Notices went out late last week to about 35 employees, including some department heads.

Mr. Robert Dumford, who has taken over as vice-president and chief legal officer of Brascan, said the reduction in headquarters staff was in line with the reorganisation of the company.

The company early this year received nearly U.S. \$400m cash in compensation for the nationalisation of its power utility in Brazil.

THE BAHAMAS Supreme Court yesterday halted liquidation proceedings against the Freeport refinery, formerly 63 per cent owned by Carey Energy. The ruling gives Charter Company, a U.S. energy conglomerate, effective control over the refinery, which it has been operating since it bought Carey in May.

Clabir raises food stake

OLD GREENWICH — Clabir Corporation, the food group, said it now owns 232,750 common shares of another food group, General Host Corporation, or 14.7 per cent of those outstanding, and controls a total of 509,400 shares or 29.6 per cent.

Clabir said that it intends to reassess its position on General Host as a result of that company's decision to call its 11 per cent convertible subordinated debentures. It noted that the debentures outstanding are convertible into 1,284,425 shares of General Host common.

Amex-Warner TV link

In connection with the previously announced joint cable TV venture by American Express and Warner Communications, American Express is to take 50 per cent of Warner Communications' cable TV subsidiary, Warner Cable Corporation, for \$175m cash and short-term notes. Monday's edition, due to a printing error, reported incorrectly that American Express would take five per cent of Warner Cable.

Charter gains refinery control

By Nicky Kelly in Nassau

THE ORDER followed a submission last week by Charter of a reorganisation plan which included payment of \$450m, \$480m in Charco debts of the 500,000-barrel-a-day facility. Charter expects to pay off all Charco's creditors, including the Libyan and Iranian Governments by Friday.

Fed move pushes prices down

By Francis Gillies

PRICES OF dollar denominated straight bonds softened again yesterday with falls of 1/4 of a point on average. Falls of up to 2 1/2 points were however recorded on some bonds. Although most of the trading was professional, a number of dealers agreed that there had been some genuine retail selling. Although the dollar remained stable against major currencies, a number of factors conspired to push bond prices down: the U.S. Federal Reserve tightened Fed Funds by 1/4 per cent while the six-month London Interbank offered rate moved up by 1/4 to 13 1/2.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on September 18

Table of international bond prices. Columns include U.S. DOLLAR STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLES, and FLOATING RATE NOTES. Each column lists bond names, issue sizes, and closing prices.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

United Arab Shipping slips into the red

By Ian Hargreaves, Shipping Correspondent
THE UNITED Arab Shipping Company lost about \$35m last year—a sharp reversal from the \$44m profit it recorded in its first 18th months of operation.

Venezuelan agencies raise short term loans of \$1bn

BY OUR EUROMARKETS STAFF
TWO VENEZUELAN agencies are in the process of raising short-term loans totalling \$1bn in the Euromarkets.

Capital moves by Fiat subsidiary

By Rupert Cornwell in Rome
MAGNETI MARELLI SpA, the components manufacturer controlled by the Fiat Motor Group, yesterday announced a 7 per cent rise in first half sales.

ALTANA 1978

ALTANA Industrie-Aktien und Anlagen Aktiengesellschaft Bad Homburg v.d. Höhe. ALTANA AG is the holding company for various companies which are active mainly in the fields of pharmaceuticals and dietetics.

Table with financial data for ALTANA 1978: Sales (Total world-wide turnover DM 824 million), Profits (German sales DM 24 million), Dividend (Dividend on each DM 50 share DM 7), Personnel (Personnel employed world-wide 5933).

For a copy of the English version of the annual report, please write to Frank Law, BEC House, Victoria Rd, London NW10.

ALTANA AKTIENGESELLSCHAFT BAD HOMBURG v.d.H., FEDERAL REPUBLIC OF GERMANY.

Agricultural boost for Cardo

BY VICTOR KAYETZ IN STOCKHOLM
SWEDISH investment company, Cardo, increased its dependence on agricultural earnings last year when lifting pre-tax profits by 15 per cent to an inflation adjusted SKr 199m (\$48m).

Capital moves by Fiat subsidiary

By Rupert Cornwell in Rome
MAGNETI MARELLI SpA, the components manufacturer controlled by the Fiat Motor Group, yesterday announced a 7 per cent rise in first half sales.

Austrians explore Yugoslav bank links

By Paul Lendvai in Vienna
REPRESENTATIVES of three major Austrian banks, Creditanstalt Bankverein, Oesterreichische Le Raenderbank and Zentralsparkasse have conducted exploratory talks with Yugoslav bankers about the prospect of setting up a combined Austro-Yugoslav bank in Vienna.

Kluwer drops plans for U.S. publishing bid

BY CHARLES BATCHELOR IN AMSTERDAM
DUTCH PUBLISHING group, Kluwer, has dropped its plans to acquire the U.S. publisher, Stein and Day, of New York.

Capital moves by Fiat subsidiary

By Rupert Cornwell in Rome
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SWISS ENGINEERING

Setting stock by Sulzer's Canadian connections

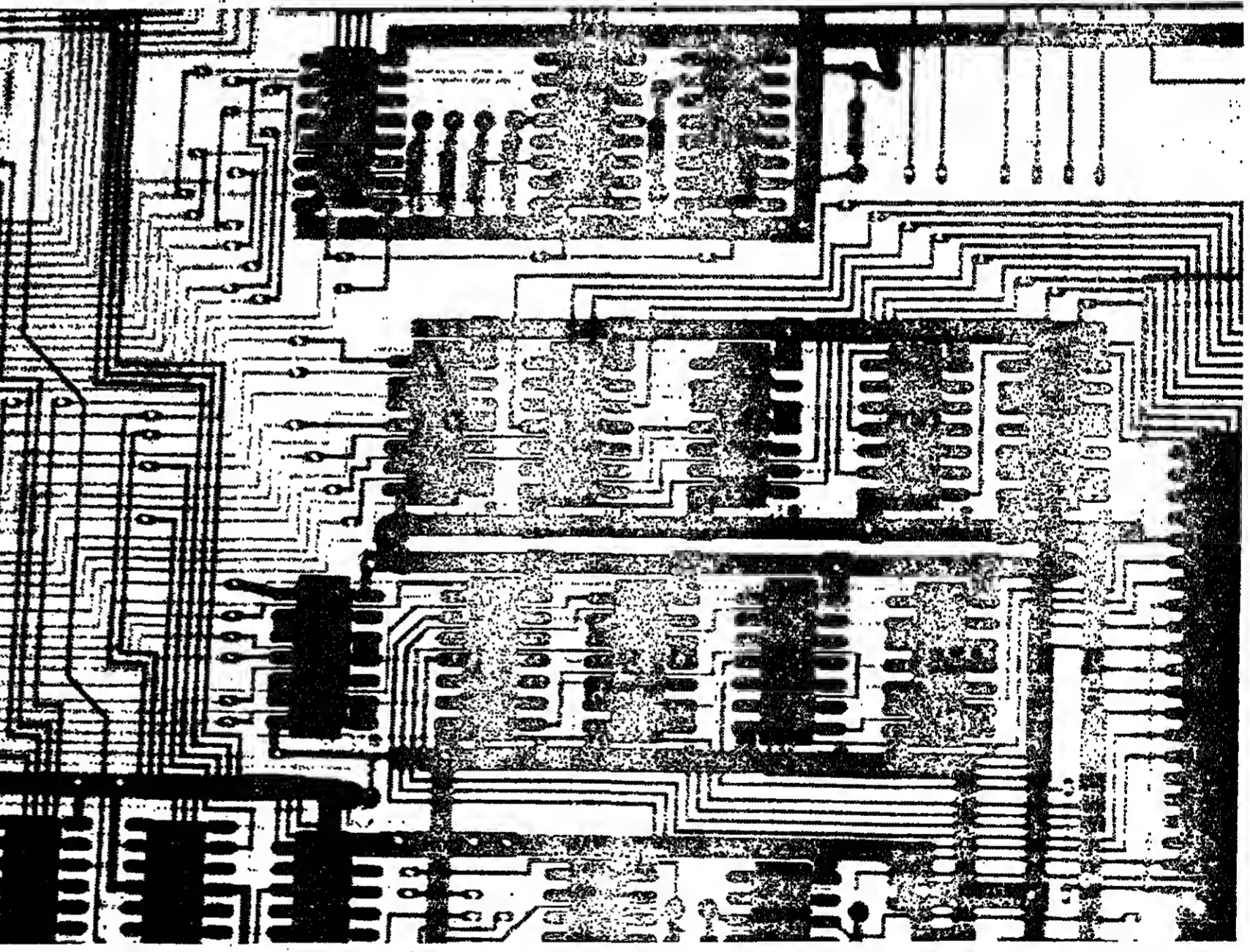
BY BRIJ KHINDARIA IN GENEVA
THE LINKS between Sulzer SA, one of Switzerland's largest engineering groups, and Dominion Bridge, a member of the Canadian Pacific group, is seen as a key point for Sulzer by the Geneva-based Pictet et Cie, one of Switzerland's largest private banks.

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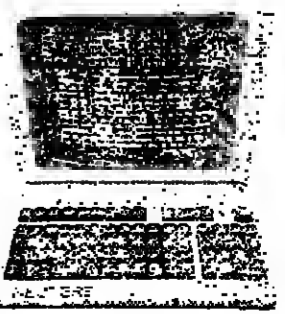
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When it comes to reporting world markets this is how our mind works

The printed circuit board is integral to developments in computers and communications. Reuters has invested large sums to provide over 10,000 clients in more than 100 countries with one of the most sophisticated worldwide computer networks.



World markets as they move

Handwritten Arabic text at the top right of the page.

Financial Times Wednesday September 19 1979 CURRENCIES, MONEY and GOLD

Pound nervous

Stirling remained volatile in very nervous foreign exchange trading yesterday, while the dollar showed little change on balance following intervention by the Federal Reserve...

THE POUND SPOT AND FORWARD

Table with columns: Day's Close, One month, Three months, Six months. Rows for various countries like U.S., Canada, Belgium, etc.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's Close, One month, Three months, Six months. Rows for various countries like UK, Ireland, Canada, etc.

CURRENCY RATES

Table showing currency rates for Sterling, U.S. dollar, Canadian dollar, etc., with columns for Bank of England and Bank of Morgan.

OTHER MARKETS

Table showing other market rates for Argentina, Australia, Brazil, etc., with columns for currency and note rates.

The support for the dollar by the U.S. authorities tended to hit the pound in late trading and it declined to \$2.1582, \$2.1545 at the close, a rise of 25 points on the day.

Shortly after the London close sterling was quoted at \$2.1465 in New York, but then rose above \$2.15 once again.

The pound's trade-weighted index, as calculated by the Bank of England, rose to 68.4 after standing at 68.5 at noon and 68.4 in the morning.

The U.S. currency closed unchanged against the Deutsche Mark at DM 1.8115, eased slightly in terms of the Swiss franc to SwFr 1.6280 from SwFr 1.6330, and rose to Y223.80 from Y222.15 against the Japanese yen.

FRANKFURT — The Bundesbank did not intervene when the dollar was fixed at DM 1.8096 against the Deutsche Mark, compared with DM 1.8101 previously. Trading was quiet, with the U.S. currency moving within a narrow range of DM 1.8088 to DM 1.8113 before the fixing.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various countries like Belgium, France, Germany, etc., with columns for ECU, currency, and percentage change.

EXCHANGE CROSS RATES

Table showing exchange cross rates for Pound Sterling, U.S. Dollar, Deutsche Mark, Japanese Yen, etc., with columns for currency and rate.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies like U.S. Dollar, Canadian Dollar, Dutch Guilder, etc., with columns for term and rate.

INTERNATIONAL MONEY MARKET

U.S. rates firm

Interest rates tended to firm in the U.S. yesterday as the Federal Reserve Bank allowed Fed funds to reach 11 1/2 per cent before adjusting reserves to the system.

AMSTERDAM

Dutch interest rates were generally easier yesterday with call money at 9 1/8 per cent.

HONG KONG

Conditions were generally easy early on, but tightened up during the afternoon.

FRANKFURT

Call money fell sharply yesterday at 6.50-6.60 per cent from 7.00-7.10 per cent on Monday, while longer-term rates showed a mixed tendency.

UK and Ireland

UK and Ireland advanced in U.S. currency. Forward margins and discounts apply to the U.S. dollar and not to the individual currencies.

Based on trade-weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

Rate given for Argentina is free rate.

Gold

The market was influenced by the U.S. Treasury auction duo a few hours later, following the success of the past auctions by the Treasury and the IMF.

In Paris the 12 1/2 kilo gold bar was fixed at FF 51,300 per kilo (\$377.29 per ounce) in this afternoon, compared with FF 400 (\$377.88) in the morning, and FF 407,500 (\$368.40) Monday afternoon.

In Frankfurt the 12 1/2 kilo bar was fixed at DM 21,730 per kilo (\$373.43 per ounce), compared with DM 20,390 (\$350.14) previously in an all-time high.

Discount houses were paying 13 1/2 per cent for secured call loans at the start, with closing balances taken between 12 1/2 per cent and 13 1/2 per cent.

In the interbank market overnight loans opened at 13 1/2 per cent and traded for most of the morning around 13 1/2 per cent.

During the afternoon money slipped briefly to 12 1/2 per cent before climbing back to 13 1/2 per cent and closing as low as seven per cent in places.

Rates in the table below are nominal in some cases.

Table showing Gold Bullion (fine ounce) prices for various locations like London, New York, etc., with columns for date and price.

UK MONEY MARKET

Further help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Day in day credit was in short supply in the London money market yesterday, and the

authorities gave assistance on a moderate scale by buying a moderate amount of Treasury bills and a small number of corporation bills, all direct from the discount houses.

Redemption Notice Electricity Supply Commission (South Africa)

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated of October 15, 1975 under which the above described Bonds were issued, that Citibank, N.A., as Fiscal Agent, has selected for redemption on October 15, 1979 \$8,850,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to October 15, 1979.

Large table listing bond numbers for redemption, including columns for Bond Number, Principal Amount, and Interest.

On October 15, 1979 there will be due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to October 15, 1979, all as more fully provided in the Bond Payment of the redemption price of the Bonds to be redeemed will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment thereof of public and private debts.

On and after October 15, 1979, the date fixed for redemption, interest on said Bonds will cease to accrue. Coupons maturing on or prior to October 15, 1979 should be detached from said Bonds and presented for payment in the usual manner.

For ELECTRICITY SUPPLY COMMISSION CITIBANK, N.A. as Fiscal Agent

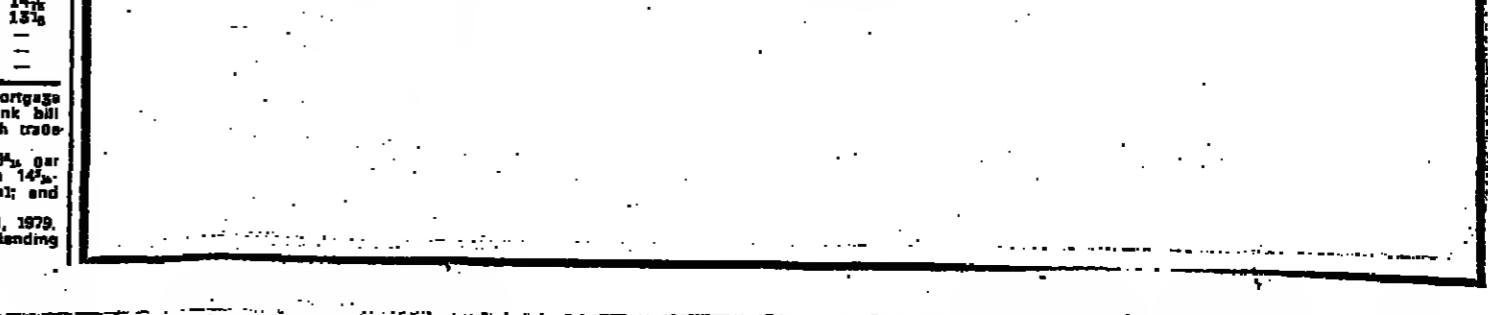
September 17, 1979

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown—HELP US BRING THEM RELIEF AND HOPE.

We need your donation to enable us to continue our work for the CARE and WELFARE OF MULTIPLE SCLEROSIS sufferers and to continue our commitment to find the cause and cure of MULTIPLE SCLEROSIS through MEDICAL RESEARCH.

Please help—send a donation today to: Room F.1, The Multiple Sclerosis Society of G.B. and N.I., 4 Tachbrook Street, London SW1 1SJ



WORLD STOCK MARKETS

Companies and Markets

Early Wall St. setback on inflation worries

INVESTMENT DOLLAR PREMIUM Electric eased 1/2 to 360 1/2 dividend.

IBW shed 1/2 to 38 1/2, Eastman Kodak 1/2 to 35 1/2, Texas Instruments 1/2 to 38 1/2 and Teledyne 1/2 to 34 1/2.

Among Gold and Silver issues, ASA improved 1/2 to 330 1/2, Dome Mines 1/2 to 34 1/2, Homestake Mining 1/2 to 34 1/2, active Hecla Mining 1/2 to 31 1/2, Rosario Resources 1/2 to 33 1/2 and Campbell Redlake 1/2 to 32 1/2.

Takeover speculation helped several issues. Trans World jumped 1/2 to 37 1/2 and New England Nuclear 1/2 to 33 1/2.

THE AMERICAN SE Market Value Index was down 0.74 at 223.13 at 1 p.m., after falling to 222.27 at 11 a.m. Volume 3.34m shares (3.40m).

This was weaker, but Mining shares firmed. Volume leader, Chiefdom Development slipped 1/2 to 32 1/2.

General Motors slipped 1/2 to 36 1/2. The United Auto Workers have detailed terms of their proposed contract. Active General

Canada Gold shares rose sharply, but a widespread retreat took place in other sectors in heavy early trading yesterday.

The gold share index forged ahead 73.9 to 2,216.1 at mid-day, but the Toronto Composite index lost 10.5 to 1718.4. Oils and Gas 35.3 to 3,260.5 and Metals and Minerals 19.0 to 1,438.0.

Shipping, along with other speculative issues were actively bought, but high-priced Light Electricals, some Cameras and Motors, and Heavy Electricals declined on profit-taking.

Active Mobil gained 1/2 to 350 1/2, but Texas eased 1/2 to 325 1/2. Two companies wish to increase their stakes in Bridgeway Oil.

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General Motors slipped 1/2 to 36 1/2. The United Auto Workers have detailed terms of their proposed contract. Active General

Germany After a promising start, the market slipped back to close mixed again on balance.

The Commerzbank index managed to retain a small gain on the day 0.17 at 767.3.

With institutional selling taking its toll, Motors made a depressed showing. Daimler-Benz falling DM 4.50, BMW DM 3.50 and Volkswagen DM 2.50.

In contrast, Engineering had Deutsche Babcock up DM 3.50. Amort Bank, Bayerische Vereinsbank rose DM 3.50 but Bayerische Hypothekbank lost DM 2.00.

Public Authority Bonds were narrowly mixed, with the Bundesbank selling DM 5m nominal at stock (DM 1m).

Paris Profit-taking after the gains of the past two weeks pushed shares down by almost one per cent on average at one point in active trading yesterday. There

was some selective buying, however, notably of Stores and Metals, so that by the end of the session the early fall in the market indicator was almost retrieved.

Market observers said some investors are becoming apprehensive over the continuing rise in the price of gold and taking profits in the stock market.

Banks, Constructions, Quarries, Mechanicals and Electricals bore the brunt of the selling, while Portfolios, Foods and Oils were mixed.

The day's weakest stocks included Banque Rothschild, Carrefour, Pollet, Pociain, P.L.M. Galeries Lafayette, Radiotechnique, BSN, Saime, Roussel-Uclaf, Lyonnais des Eaux, Fractal and Europe 1.

Nobel-Borel led advancing issues, closing 10 per cent above Monday's level. Subsidiary Impromont also occurred in Frijol, Alciacienne de Supramarche, Arjomart, Paris-France and Esso.

Australia After the generally buoyant performance of the past month since the mid-August Budget, Australian markets suffered their first real correction yesterday as profit-takers moved in and Overseas buyers became somewhat restrained waiting to see what trend would develop.

The Sydney All Ordinaries index, after Monday's 4.18 fresh rise to a new all-time peak, retreated 5.94 to 870.83.

The market's last fling on Monday was the celebration of the Liberal election win in South Australia accompanied by over-optimistic predictions of an early start to two major uranium operations, Roxby Downs and Beverley.

Investors yesterday were quickly reminded that Roxby Downs is only in its early excavation days and shares could easily be a change of Government level both at the State and at the Federal level before the project is set to go.

Western Mining, after advancing 22 cents the previous day on its uranium, copper and gold venture at Roxby

Downs, receded that amount to AS2.33.

Neverley is a slightly different case in that it is an open-cut operation with 10 years of history behind it. Furthermore, the irrepressible Alan Bond has stated that he wants 25 per cent equity in each of the three locally-listed participants, Olin, Transoil and Petromin, which gained further ground.

The major shareholder with 50 per cent is Phelps Dodge, of the U.S.

The Western Mining joint, on the other hand, made some investors realise that they had probably over-run the earnings potential of other stocks and prompted them to take profits.

Most of the Coat miners reacted with some ease. Metals heavyweights like BHP and North B.C. Gold shares could make only a partial response to the booming Bullion price as they too had to battle against profit-taking.

MIM fell 15 cents to AS2.53 and North B.C. 6 cents to AS2.20. Central News-Gold put on 10 cents in early trading, but finished unchanged on the day at AS7.90.

Overall market leader BHP relinquished 10 cents to AS10.25, while CSR were similarly lower at AS4.22.

Hong Kong The market rose strongly on both local and overseas interest, which was concentrated in the leaders and Utilities, and despite considerable interest in the sharply higher Gold market. The Hang Seng index added 6.33 at 606.20.

Jardine Matheson attracted a good deal of support, rising 40 cents to HK\$120.00. Dealers said recent rises in sugar prices are helping Jardine because of its sugar industry interests, but there is also some switching to the stock from Hutchison

Whampoa due to the current state of the bid for China. Provident from Hutchison, which nevertheless, closed 10 cents higher at HK\$20 after losing 15 cents the previous day. The China Provident suspension of dividends remained in force.

NOTES: Overseas prices shown below exclude S premium. Belgian dividend 1979-80 assumed. Dividend 1979-80 assumed. Dividend 1979-80 assumed. Dividend 1979-80 assumed.

NEW YORK

Table of stock prices for New York market, including columns for Stock, Sept 17, Sept 18, and Sept 19.

STOCK

Table of stock prices for various international markets, including columns for Stock, Sept 17, Sept 18, and Sept 19.

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EUROPEAN EXCHANGE

Table of European exchange rates, including columns for Currency, Vol., Last, and Bid/Ask.

BASE LENDING RATES

Table of base lending rates for various banks and currencies, including columns for Bank, Rate, and Term.

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Companies and Markets

COMMODITIES AND AGRICULTURE

More control of farm pollution urged

BY RICHARD MOONEY

A RECOMMENDATION by the Royal Commission on Environmental Pollution that the development of intensive livestock units should be subjected to the same planning controls as other "industrial" operations has provoked an angry response from farmers.

In its seventh report, entitled "Agriculture and Pollution," published yesterday, the Commission argues that because of the pollution problems that may be caused by effluent from these units, there should be a greater measure of control over their development and operation.

It recommends that current exemptions from planning control should be removed from intensive unit developments. But "National Farmers' Union said it was strongly opposed" to the suggestion.

"Adequate planning safeguards exist under present legislation," the union declared. "And this view was echoed by Mr. Donald Troup, chairman of the Royal Institution of Chartered Surveyors, who said he was 'firmly opposed' to the extension of planning controls to intensive livestock units. He said there were major practical difficulties in devising a formula which would balance the need for a national food supply

U.S. tin stock sales criticised

LA PAZ — President Walter Guevara Arze of Bolivia has ordered a full report on U.S. moves to sell large amounts of tin which have concerned the Government here.

The U.S. Senate Armed Services Committee last Friday unanimously approved a Bill to sell 35,000 long tons—more than a year's Bolivian production—from its tin reserves on the open market. Bolivian politicians have repeatedly criticised the proposed sale, saying it could bring down international prices and cripple the economy of Bolivia, which earns about half its foreign currency from tin.

Dr. David Padilla Arancibia, the former President, warned President Carter in a letter in July that the proposed sale could hurt Bolivia's return to the tin market. Guevara was sworn in last month following the July elections as the first civilian President for 15 years.

Senator Abel Ayora Argandoña, a Left-wing politician, said the sale would be totally against Bolivian interests. "What's happening is strange, for while the developed countries promise aid for Governments prepared to democratise nations, they, on the other hand, damage these very producers by the sale of tin," he said.

In Washington, meanwhile, Armed Services Committee staff said the full Senate is unlikely to take up the Bill before early October. The Bill also covers sales of silver and diamonds.

India tries to boost exports

INDIA'S COFFEE production in 1979-80 is projected at 120,000 tonnes, 3,000 tonnes less than the 1978-79 crop. Yet despite the reduced estimate, India hopes to maintain coffee exports at last year's level of around 66,700 tonnes.

Earnings however are expected to be far larger than last year because of higher prices. In 1978, receipts from coffee exports were Rs 1.5bn (830m). This was, of course, nowhere near the record Rs 2.63bn earned in 1977 on exports of only 55,800 tonnes. That was an extremely good year for coffee exporters with world coffee prices rising to dizzy heights after the failure of the Brazilian crop because of frost damage.

The strategy during the next two years is to step up exports so that India will be eligible for a bigger quota in the International Coffee Agreement is revised.

India's influence on world prices is not decisive. But Indian coffee is in good demand for blending purposes. In the U.S., for instance, a fairly typical blend would be 50 per cent Colombian, 20 per cent Brazilian, 10 per cent Kenyan, 10-12 per cent Mexican, El Salvador

French move into London Sugar

BY OUR COMMODITIES EDITOR

LUCIEN RENIER yesterday became the first non-UK resident to trade as a member on the London sugar futures market. Although there was some resentment in Paris at the decision to introduce a whites contract in London, Jean Lion considers that the two markets are complementary and that good arbitrage opportunities will exist once trading activity in white sugar builds up to a bigger level.

Both London and Paris must be somewhat disappointed at the failure of their whites market to attract more interest, but this could well change should there be another sugar boom.

Although membership of the London market is now open to EEC companies, there is still the question of finding a vacant seat available for sale. However, a stroke of good fortune provided Jean Lion with an ideal opportunity.

The break-up of the J. H. Rayner group, after it had been sold by its previous owners—

Pool system

The Coffee Board, a statutory body of planters, exporters and government nominees for assisting the orderly growth of the coffee industry, has taken a series of decisions to safeguard the interests of exporters. It has agreed, says Mr. M. Veo, chairman, to give full protection against such changes in levy on coffee sold at export auctions for three weeks from the date of auction.

The primary objective of the Coffee Board is to obtain a remunerative price to the grower of a commodity which is heavily dependent on volatile foreign markets. More than 90 per cent of growers (85,061 out of the total 91,246) have holdings of less than four hectares. And 4,253 have holdings of four to 10 hectares. The remaining 1,932 are of more than 10 hectares.

The Coffee Board operates a pool system under which the harvested coffee is stored centrally and released periodically both for domestic and export markets through auctions open only to registered traders. The export auctions are held twice a month in Bangalore.

Originally, the pool sole was a co-operative venture by producers, most of whom were smallholders. It has now been converted into state trading. Domestic consumers have been getting their requirements under the marketing arrangement at one-third of the export price.

Small growers are happy with the Coffee Board, which is able to secure a reasonably good price for their produce by controlled releases.

Plan to check EEC butter sales

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission will be able to monitor closely exports of heavily subsidised Community butter to countries such as the USSR if Commissioners agree to new arrangements to be proposed by Mr. Finn Olav Gundelach, the Farm Commissioner.

Mr. Gundelach yesterday told EEC farm ministers meeting that he would urge the Commission at its weekly meeting early today to endorse a system of export licences for butter sales. All butter exports would require certificates, which would be issued weekly.

This would give the Commission a clear picture of the state of the market, enabling it to vary export rebates accordingly. Under present arrangements, the Community pays hefty rebates on butter exports to

make up the difference between the high EEC price and the much lower world price. But unless exporters ask to have these rebates fixed in advance, the Commission does not know what sales are taking place until months later. Export figures for the first six months of this year covering sales of 150,000 tonnes of which 67,000 went to the USSR, have only recently become available to the Commission.

Periodic large sales of subsidised butter to the USSR have provoked heated opposition in the UK and Mr. Peter Walker, Britain's Farm Minister, yesterday welcomed Mr. Gundelach's statement which he saw as a response to pressure from Britain following recent trade rumours of a further 75,000 tonnes sale of butter to the USSR this winter.

BRITISH COMMODITY MARKETS

Table with columns for Base Metals (Copper, Tin, Zinc, Lead), Rubber, and Wool. Includes prices for various grades and types of commodities.

Milk sales down again

By Our Commodities Staff SALES OF MILK off farms in England and Wales in August fell to 997m litres from 1,103.4m in July and 1,000.7m in August 1978, figures released by the Milk Marketing Board yesterday.

But while the total was down only 0.4 per cent, sales of liquid milk were 1.9 per cent below the year earlier level at 524.7m litres against 534.7m.

Milk sold for manufacturing totalled 472.3m litres, 1.4 per cent above the August 1978 level.

PRICE CHANGES

Table showing price changes for various commodities including Metals, Rubber, and Wool. Columns include commodity name, price, and change.

AMERICAN MARKETS

Table showing American market prices for commodities like Sugar, Coffee, and Cotton. Includes prices for various grades and types.

INSURANCE BASE RATES table with columns for Vanbrugh Guaranteed, Property Growth, and Address shown under Insurance and Property Bond Table.

CORAL INDEX: Close 464.469. Includes information about the index and its components.

EDUCATIONAL advertisement for Pacific Western University, mentioning Bachelor's, Master's, and Doctorate degrees.

COLLEGE DEGREE advertisement for Pacific Western University, highlighting work experience and practical training.

RUBBER advertisement for the Rubber Market, mentioning various grades and prices.

GRAINS advertisement for the Grain Market, mentioning various types of grains and prices.

WHEAT advertisement for the Wheat Market, mentioning various grades and prices.

SILVER advertisement for the Silver Market, mentioning various grades and prices.

COCAOA advertisement for the Cocoa Market, mentioning various grades and prices.

SUGAR advertisement for the Sugar Market, mentioning various grades and prices.

WOOL advertisement for the Wool Market, mentioning various grades and prices.

MEAT/VEGETABLES advertisement for the Meat and Vegetable Market, mentioning various types and prices.

Wool Futures advertisement for the Wool Futures Market, mentioning various grades and prices.

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MEAT/VEGETABLES advertisement for the Meat and Vegetable Market, mentioning various types and prices.

Wool Futures advertisement for the Wool Futures Market, mentioning various grades and prices.

Monday's closing prices

Table showing Monday's closing prices for various commodities including Sugar, Coffee, Cotton, and Wool. Includes prices for various grades and types.

INDICES and DOW JONES table showing various market indices and their values.

LONDON STOCK EXCHANGE

Gold shares outstanding in generally firm markets Technical recovery in long Gilts helped by sterling

Account Dealing Dates

Option
*First Declara- Last Account
Dealings tions Dealings Day
Sep. 10 Sep. 20 Sep. 21 Oct. 1
Sep. 24 Oct. 4 Oct. 5 Oct. 15
Oct. 8 Oct. 18 Oct. 19 Oct. 29

All main sectors of stock markets yesterday presented a firm appearance. South African Gold shares claimed a good deal of attention as the bullion price soared to record heights, while Government stocks and leading equities perked up after recent dullness, the last-named on a combination of bear-covering and renewed, if limited, investment inquiry. Gilts were helped by the steeper trend in sterling ahead of the 3.30 pm announcement of the August trade returns.

The disclosure of a trading deficit of about £100m for that month was considered to be a better outcome than most market estimates and encouraged further inquiries for gilt-edged securities. At the official close, gains among the longs were stretching to 1/2 and 1/4 more was immediately added before the latter fraction was lost in the final trade. The shorts, which had earlier fluctuated narrowly, improved also but eased late to settle with rises extending to 1/2.

engineering's dispute, the tendency began to ease in the absence of confirmatory reports from yesterday's talks under the auspices of ACAS, but steadied following the August trade figures. The FT 30-share index closed with a gain of 2.7 to 468.7, after having been L2 down at the 10 am calculation.

A widespread and sometimes heavy demand for Golds generated fresh gains to a full point and, despite the later quite sharp reaction in the bullion price, gold shares closed at the day's best. As a result, the FT Gold Mines index jumped 7.1 further to 214.5—its highest since February, 1976.

Much of a well balanced trade in investment currency was connected with the activities in South African Gold shares and the premium edged forward to 3 3/4 per cent before ending a net 1/2 higher at 3 1/2 per cent. Yesterday's SE conversion factor was 0.9058 (0.9175).

A better business than of late was transacted in Traded options with a total of 408 deals completed against the previous day's meagre 158. Cons. Gold, 156, and Marks and Spencer, 51 were both active.

Bank of Scotland firm

Interim profits from Bank of Scotland were deemed satisfactory, and the shares improved 5/8 to 290p. Investment support helped other major clearers to improve, although closing levels were a few pence below the best. NatWest, 345p, and Midland, 377p, rose 5 apiece, while Bar-

clays hardened 3 to 425p and Lloyds firmed 2 to 312p. Elsewhere, Corinthian cheapened 2 to 35p in reaction to the disappointing interim results, while Hill Samuel Warrants remained on offer at 70p, down 10.

Demand in a market none too well supplied with stock helped C. E. Heath put on 8 to 210p among insurance brokers, where Willis Faber hardened 2 to 225p in response to better-than-expected first-half figures. Elsewhere, Eagle Star edged forward a penny to 151p in front of today's interim results, while London United Investments put on 4 to 150p and General Accident hardened 2 to 232p. Hambro Life put on 4 to 132p; the interim results are due next week.

Further profit-taking in the absence of hoped-for bid developments prompted a fall of 5 to 149p in House of Fraser. By way of contrast, UDS gained 2 to 99p in anticipation of today's interim figures. Bakers House held featured secondary issues with a rise of 6 to 102p, while Leo Cooper hardened 4 to 212p in a thin market. James Walker improved 2 to 127p and the N/V a similar amount to 115p in front of today's half-yearly figures. Headlam Sims and Cousins stood out in Shoes with a Press-inspired rise of 4 to 63p.

forthcoming for Kode which ended a similar amount dearer at 254p. Still reflecting favourable Press mention, Automated Securities were in renewed demand at 188p, up 6. Fresh buying interest was shown in H. Wiegall which put on 7 to 269p, while Bowthorpe, 4 firmer at 99p, also attracted support.

Unconfirmed reports that the engineering talks had broken down came too late to affect sentiment in the Engineering leaders which traded on a steady to firm note during official dealings. Tubes closed 4 firmer at 304p and Hawker hardened 2 to 130p with Vickers like amount dearer at 180p. Elsewhere, price movements rarely exceeded a few pence either way. Satisfactory interim results, however, left Aurora Holdings 4 to the good at 66p. Occasional support lifted Baker Perkins a few pence to 104p, while Molins closed 3 firmer at 123p awaiting today's interim statement. On the other hand, Duff Development and Metacell were dull 2p, 4 along with United Wire, 3 cheaper at 53p.

Foodstuffs encountered a livelier business than on Monday and although changes at the close were slight, the market developed towards the close. Rowntree Mackintosh, 188p, gave up 2 more in front of today's interim statement. Associated Dairies put on 5 to the good at 66p. Occasional support lifted Baker Perkins a few pence to 104p, while Molins closed 3 firmer at 123p awaiting today's interim statement. On the other hand, Duff Development and Metacell were dull 2p, 4 along with United Wire, 3 cheaper at 53p.

Bowater, 180p, and Unilever, 516p, rose 4 apiece. Elsewhere, reflecting the first-half loss, L. Ryan fell to touch 151p before closing a net 1/2 down on balance at 17p. Bodycote International softened a penny to 117p following the uninspiring interim figures, while E. Fogarty came on offer of 83p, down 9. News of a subsidiary's \$185m bid for Bazar Oil Corporation of the U.S. helped Hanson Trust improve 3 to 135p, while Aeronautical and General Instruments met with speculative demand in a thin market and closed 6p at 144p. J. Bibby were supported up to 465p, for a rise of 15, while improvements in 28 and 30, particularly were recorded in Copydex, 64p, and J. Cream, 110p.

Annual profits from Letters were in line with expectations, but the shares eased 3 to 79p on disappointment with the dividend increase. Elsewhere in the Leisure sector, Samsonite Film Service again came on offer and ended 5 off for a two-day loss of 13 to 195p.

Rolls-Royce's interim profits fell some 20.5% short of market expectations, and the shares dipped to 81p on the announcement before recovering to close 6 net penny up at 71p. Other Motor sectors were quiet with scant attention to today's closing figures. Brompton-Franklin added a couple of pence to 49p while Dowty rose 6 to 313p and support returned for Flight Refuelling which ended 5 up at 302p.

setting at 1185p, down 5 on balance, but Shell continued to trade firmly and edged up 4 more to 245p. Elsewhere, Oil Exploration reacted fresh on profit-taking to 384p but rallied to close 2 cheaper on the day at 386p. Aran Energy, 150p, and Attech, 178p, gave up 6 apiece.

Reflecting the slightly better trend in the equity sector, Trusts made a little headway. A revival of demand for James Fisher, 10 to the good at 217p, provided the only worthwhile movement in Shippings.

London Financial, however, failed to arouse much enthusiasm. Gold Fields held steady at 246p and Charter hardened 2 to 145p. Rio Tinto-Zinc rallied after the recent setback to close 9 firmer at 302p in front of the half-year results which are expected today. Selection Trust, interim figures due tomorrow, put on 6 to 540p.

FINANCIAL TIMES STOCK INDICES
Table with columns for various indices: Government Secs, Fixed Interest, Industrial, Gold Mines, etc. and rows for Sept 18, 17, 16, 15, 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, Year ago.

10 am 464.8, 11 am 465.6, Noon 467.4, 1 pm 468.8, 2 pm 469.0, 3 pm 469.6, 4 pm 470.2, 5 pm 470.8, 6 pm 471.4, 7 pm 472.0, 8 pm 472.6, 9 pm 473.2, 10 pm 473.8, 11 pm 474.4, 12 pm 475.0.

HIGHS AND LOWS S.E. ACTIVITY
Table with columns for High, Low, and S.E. Activity for various indices.

uncertain start. Overnight profit-taking in Sydney and Melbourne encouraged similar selling at the outset but the sharp gains in precious metals prompted strong fresh buying interest.

Options
Stocks to attract money for the call included FNCF, Leo Cooper, Cablefoot, Debenhams, Cons. Gold, Rowntree, Coventry, ICI, Forwards Technology, Fin. SMI, Forwards Technology, Avanti, Marshall Cavendish, Harvony Gold, Bracken, Leslie, RCA, and Becca. No puts or doubles were reported.

ACTIVE STOCKS
Table with columns for Stock, Denomina, No. of Shares, Closing price, Change, 1979 high, 1979 low.

LONDON TRADED OPTIONS
Table with columns for Option, Ex'ch, Vol., Closing offer, Vol., Closing offer, Vol., Equity close.

House of Fraser down
Further profit-taking in the absence of hoped-for bid developments prompted a fall of 5 to 149p in House of Fraser.

L. Ryan disappoints
Miscellaneous industrial leaders took a modest turn for the better but the volume of business again left much to be desired and the August trade figures made little impact on revived interest.

Oil trade quietly
Interest in the Oil market was at a fairly lowebb, following the leaders, British Petroleum drifted off to 1180p before

London Financial, however, failed to arouse much enthusiasm. Gold Fields held steady at 246p and Charter hardened 2 to 145p.

A FINANCIAL TIMES SURVEY MAURITIUS
The Financial Times is proposing to publish a Survey on Mauritius in its issue of October 24 1979. The provisional editorial synopsis is set out below:
INTRODUCTION Sir Seewoosagar Ramgoolam's slender hold on power after the election. The rise of the opposition movements. The trade unions are showing their strength; the continuing problems of unemployment. The Island's multi-racial problem—is it shaking down to a new identity? Foreign policy and how it evolves through the continuing Russian and American presence in the Indian Ocean.

NEW HIGHS AND LOWS FOR 1979
Table listing various stocks and their performance in 1979, categorized into New Highs, New Lows, and Rises and Falls Yesterday.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.
Table with columns for Equity Groups & Sub-sections, Fixed Interest Price Indices, and Fixed Interest Yields.

Handwritten Arabic text at the top right of the page.

AUTHORISED UNIT TRUSTS

Table listing various authorised unit trusts such as Abbey Unit Trst. Mgrs. (a), Abbey Unit Trst. Mgrs. (b), Abbey Unit Trst. Mgrs. (c), etc., with columns for name, manager, and other details.

Table listing various insurance and property funds such as Abbey Life Assurance Co. Ltd., Abbey Life Assurance Co. Ltd. (a), Abbey Life Assurance Co. Ltd. (b), etc., with columns for name, manager, and other details.

Table listing various offshore and overseas funds such as Abbey Unit Trst. Mgrs. (a), Abbey Unit Trst. Mgrs. (b), Abbey Unit Trst. Mgrs. (c), etc., with columns for name, manager, and other details.

Table listing various offshore and overseas funds such as Abbey Unit Trst. Mgrs. (a), Abbey Unit Trst. Mgrs. (b), Abbey Unit Trst. Mgrs. (c), etc., with columns for name, manager, and other details.

NOTES: This table includes a section with notes and disclaimers regarding the data presented in the tables above.

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FT SHARE INFORMATION SERVICE

BRITISH FUNDS
“Shorts” (Lives up to Five Years)

Table with columns for Stock, Price, and Div. Yield. Lists various fund names like Treasury 10-year, Treasury 5-year, etc.

Table with columns for Stock, Price, and Div. Yield. Lists funds categorized as Five to Fifteen Years and Over Fifteen Years.

Table with columns for Stock, Price, and Div. Yield. Lists various undated funds.

INTERNATIONAL BANK CORPORATION LOANS

Table with columns for Loan, Interest Rate, and Maturity. Lists various international loans with terms like 100% (1 year), etc.

Table with columns for Public Board and Ind., and Financial. Lists various public board and financial data.

FOREIGN BONDS & RAILS

Table with columns for Stock, Price, and Div. Yield. Lists various foreign bonds and rail stocks.

AMERICANS

Large table with columns for Stock, Price, and Div. Yield. Lists a wide variety of American stocks including ASA, American Express, etc.

CANADIANS

Table with columns for Stock, Price, and Div. Yield. Lists various Canadian stocks.

BANKS & HP—Continued

Table with columns for Stock, Price, and Div. Yield. Lists various bank and HP stocks.

CHEMICALS, PLASTICS—Cont.

Table with columns for Stock, Price, and Div. Yield. Lists various chemical and plastic stocks.

DRAPERY AND STORES

Table with columns for Stock, Price, and Div. Yield. Lists various drapery and store stocks.

BEERS, WINES AND SPIRITS

Table with columns for Stock, Price, and Div. Yield. Lists various beer, wine, and spirit stocks.

BANKS AND HIRE PURCHASE

Table with columns for Stock, Price, and Div. Yield. Lists various bank and hire purchase stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table with columns for Stock, Price, and Div. Yield. Lists various building, timber, and road stocks.

ENGINEERING—Continued

Table with columns for Stock, Price, and Div. Yield. Lists various engineering stocks.

HOTELS AND CATERERS

Table with columns for Stock, Price, and Div. Yield. Lists various hotel and caterer stocks.

INDUSTRIALS (Miscel.)

Large table with columns for Stock, Price, and Div. Yield. Lists a wide variety of industrial stocks including food, groceries, etc.

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هكذا استأخذ الورد

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

International Finance DAIWA SECURITIES

MINES—Continued AUSTRALIAN

Table of Australian Mines with columns for Stock, Price, and % Change.

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Table of Tins with columns for Stock, Price, and % Change.

COPPER

Table of Copper with columns for Stock, Price, and % Change.

MISCELLANEOUS

Table of Miscellaneous with columns for Stock, Price, and % Change.

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Notes section containing various financial notices and company announcements.

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Table of Regional Markets with columns for Stock, Price, and % Change.

OPTIONS 3-month Call Rates

Table of Options 3-month Call Rates with columns for Stock, Price, and % Change.

Main table for INDUSTRIALS—Continued, listing various industrial stocks and their prices.

Main table for INSURANCE—Continued, listing various insurance stocks and their prices.

Main table for PROPERTY—Continued, listing various property stocks and their prices.

Main table for INVESTMENT TRUSTS—Cont., listing various investment trusts and their prices.

Main table for FINANCE, LAND—Continued, listing various finance and land stocks and their prices.

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Table of Commercial Vehicles.

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Table of Components.

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Table of Garages and Distributors.

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Table of Overseas Traders.

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Table of Rubbers and Sisals.

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Table of Teas.

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Table of Sri Lanka.

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Table of Mines Central Rand.

EASTERN RAND

Table of Eastern Rand.

FAR WEST RAND

Table of Far West Rand.

O.F.S.

Table of O.F.S.

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Table of Finance.

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Table of Diamond and Platinum.

CENTRAL AFRICAN

Table of Central African.

UK sanctions warning to whites

BY BRIDGET BLOOM AND MICHAEL HOLMAN

UNLESS WHITE Rhodesians agree to surrender the backing powers they hold in the present constitution, economic sanctions against Rhodesia will remain, whether or not they are voted for by the British Parliament. This is the stark message which Lord Carrington, the Foreign Secretary, and his officials have been privately conveying to the Rhodesian delegation at the Lancaster House talks, in particular to Mr. Ian Smith, the former Premier, in an effort to get them to agree to constitutional change.

The British warning, accompanied by other clarifications of Britain's position on dismantling white powers, has shocked key Rhodesians in the London delegation, most notably Mr. Smith, who has stubbornly fought to maintain the entrenched white rights under the present internal settlement constitution. Although the proposals provide some significant concessions - the pre-conference demand, for example, that guerrillas replace the existing armed forces has been dropped - if implemented, they would ensure that the Front plays a dominant role.

The council would appoint up to 20 Ministers, and together form the interim legislature. The Front proposes four "transitional committees" to deal with the army, police, public service, and judiciary. A defence committee and a police committee, comprising representatives of the Patriotic Front and Salisbury, appointed by the governing council, would liaise with UN forces.

Vote row ends AUEW conference

BY CHRISTIAN TYLER AND ALAN PIKE

BITTERNESS and confusion in trade union ranks about the forthcoming battle over the Labour Party constitution increased yesterday as the Amalgamated Union of Engineering Workers conference was abandoned after a desperate but unsuccessful attempt to stop delegates debating the issue. Yesterday's extraordinary scenes at the AUEW conference in Eastbourne not only exposed the fierce backroom lobbying by Left and Right in the run-up to the party conference in ten days, but also ensured that Mr. James Callaghan, the party leader, would not be able to assess his chances of beating off a vote on Left-wing inspired constitutional reforms until the very eve of the conference, when the AUEW and other union delegations meet.

The four-section union's delegates to the party conference. Today the Transport and General Workers' Union executive is expected to advise its delegation to the conference to support some or all of the proposed reforms - automatic reselection of MPs; party conference control over the manifesto; and a broader-based system of electing the party leader. The TGWU holds 125m of the 7m votes.

Funds oppose Dalgety bid

BY RAY MAUGHAN

SOME PENSION fund investors in Dalgety are unhappy about the proposed £70m share offer for Spillers. A case committee of the National Association of Pension Funds said yesterday that the success of the bid would be "detrimental to the long term prospects of Dalgety."

Market in gold futures suggested

By John Edwards

THE POSSIBILITY of launching a gold bullion futures market in London is to be investigated by the London Metal Exchange, it was announced yesterday. A futures market would enable investors to buy or sell gold for forward delivery "on paper" without actually dealing in the physical metal.

Way cleared for nuclear talks

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT.

THE WAY was cleared last night for the EEC to open talks with Australia on a nuclear safeguards agreement after France dropped objections which have held up the start of negotiations for the last two years.

Trade figures

Continued from Page 1

account deficit of £2.4bn, or £300m a month in the period, compared with an average surplus of £200m a month in the second half of last year. This was in spite of an average decline of £100m a month in the oil deficit. The official view is that this overstates the underlying deterioration because some of the big jump in imports may have been linked to the pre-Budget consumer boom.

Weather

Continued from Page 1

UK TODAY Sunny intervals in most areas. London, S.E. and Cent. S. England, E. Anglia, Channel Is. Rain in places at first. Mainly dry with bright periods. Max. 21C (70F).

THE LEX COLUMN

The gold market's day to remember

A visible trade deficit of an outcome, particularly as the £100m for August is not too bad all balance looks to have been running a little below trend. The trade figures sustained a modest recovery in gold-edged, but U.S. interest rates are still under upward pressure and sterling is still rather nervous.

Index rose 2.7 to 468.7



by over £2m - because of the need to maintain the percentage level of the general provision on a larger loan book. Moreover not only has the bank had to cover the 17 per cent pay settlement in February, but the new salary levels have required a 57.5m top-up for the pension funds, which is being spread over the two half-years.

Longer term, the recent demand for gold reflects the worldwide unease about the stability of paper currencies. There are parallels between the current situation and that existing during 1974. Then there was tremendous surplus liquidity engendered by the oil price rises and investors were reluctant to commit themselves to the capital markets.

Bank of Scotland - heading Bank of Scotland's 19 per cent increase in the net interim dividend was good enough to distract attention from some decidedly lacklustre profit figures yesterday. The share price rose 5p to 290p although profits before tax for the six months to August emerged 10 per cent higher than £17.9m. This represents only a gain of 9 per cent on the revised figures for the comparable period - when average base rate was almost 41 points lower - and there has been no improvement compared with the immediately preceding six months to February.

Why have conditions which have allowed the London market to romp ahead done so little for Bank of Scotland? Partly it is because the finance house North West Securities and the merchant bank British Linen have been adversely affected by higher money costs. The clearing bank has duly benefited from the endowment effect of higher interest rates, but has also borne a much larger bad debts provision - up

TOKAI TAKING CHARGE

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